

REGISTERED CHARITY NUMBER 1132340

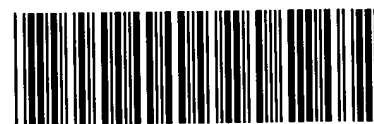
REGISTERED COMPANY NUMBER 07032339

## **AFGHAN HEROES**

### **GROUP REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

SATURDAY



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COMPANIES HOUSE

**scrutton**bland 

# **AFGHAN HEROES**

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Detailed consolidated statement of financial activities	<b>30 - 31</b>
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# **AFGHAN HEROES**

## **INTERIM MANAGER'S REPORT**

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The Interim Manager of the charity presents herewith his report together with the financial statements of the charity for the year ended 31 December 2014.

The Interim Manager is unable to provide a full commentary on the charity's activities and financial performance as a result of the ongoing Charity Commission investigation which was opened on 22 November 2013 (please refer to the Objectives, Activities, Achievements and Performance section below for further information).

### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS**

**Registered Charity Name:** Afghan Heroes

**Charity Registration Number:** 1132340

**Company Registration Number:** 07032339

**Principal & Registered Office:** Acre House  
11-15 William Road  
London NW1 3ER

**Independent Examiner:** Scrutton Bland  
Fitzroy House  
Crown Street  
Ipswich IP1 3LG

### **The Trustees**

The trustees who served during the year under review were as follows:

Mrs D Harris  
Mr A Harris

Brian Johnson, Partner at HW Fisher and Company, Acre House, 11-15 William Road, London NW1 3ER was appointed Interim Manager of the charity by Order of the Charity Commission effective 11:00am on 5 February 2014.

Whilst Mrs D Harris and Mr A Harris remained in office as trustees for the year ended 31 December 2014, the appointment of the Interim Manager was to their exclusion. As a result, they were excluded from exercising their powers as charity trustees following the Charity Commission Order.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The charity is a company limited by guarantee which was incorporated on 28 September 2009. It is governed by a Memorandum and Articles of Association ('the governing document'), which was amended on 22 October 2009 and 10 June 2010.

# **AFGHAN HEROES**

## **INTERIM MANAGER'S REPORT**

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The governing document provides for a Council of Management which is responsible for the management and administration of the charity. The charity's governing document acknowledges, for the purposes of the Charities Act and charity law that those persons serving on its Council of Management are considered to be charity trustees. Those persons are also directors for the purposes of the Companies Act 2006 and company law. They are referred to in this annual report as 'trustees'.

Prior to the appointment of the Interim Manager on 4 February 2014, Mrs Harris also served as Chief Executive Officer of the charity.

The charity had three wholly owned subsidiaries during this financial period:

- True Heroes Retreat Limited
- True Heroes Limited
- Smuggled Retreat Limited

Mr and Mrs Harris also served as the directors of each of the charity's subsidiaries until their resignation on 18 February 2014.

### **Appointment, rotation and re-election of trustees**

The Council of Management has the power to appoint trustees, under Article 42 of the charity's governing document.

The governing document requires the charity to hold an Annual General Meeting and for one third of the trustees (holding the longest service in office) to retire and if willing stand for re-election.

As a result of the ongoing Charity Commission investigation (see below under Objectives, Activities, Achievements and Performance), the Interim Manager is unable to comment on the extent to which the trustees complied with the provisions in the charity's governing document for the appointment, retirement and re-election of trustees prior to his appointment.

As a result of, and following, the Charity Commission's order dated 4 February 2014 appointing Brian Johnson as Interim Manager, no appointment or re-election of trustees has occurred.

The appointments of Mrs D Harris and Mr A Harris as trustees were terminated, subsequent to the period of this report, on 24 February 2015.

### **Induction and training of new trustees**

The Interim Manager is unable to comment on the induction and training procedures that were in place prior to his appointment.

### **Risk Management**

As a result of the on-going Charity Commission investigation (see below), the Interim Manager is unable to comment on the extent to which the trustees had systems or procedures to assess and manage the major risks facing the charity for the period prior to his appointment.

The Interim Manager has paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

# **AFGHAN HEROES**

## **INTERIM MANAGER'S REPORT**

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### **OBJECTIVES, ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE**

In late 2012, True Heroes Retreat Limited, utilising funds advanced by the charity, purchased the lease and goodwill of a public house in Ashcott, Somerset, which became known as the Retreat. Further funds were utilised in 2013 to renovate the property (in both commercial and residential areas). The residential area was converted into a facility capable of housing five service veterans and a mentor.

The first veteran was admitted as a resident beneficiary in March 2013. By the end of the year there were five veterans and a mentor resident at the Retreat.

Later in the year the charity and the Smuggled Retreat Limited entered into an arrangement in June 2013 to replicate the Retreat model in a public house near Minehead.

The Charity Commission contacted the charity in September 2013 about how much income was spent on charitable activities and various payments to companies connected to some of the trustees. It met with the trustees in October 2013 who were unable to allay the Charity Commission's concerns.

As a result, on 22 November 2013, the Charity Commission opened a statutory inquiry into the charity.

Around this time the charity and the Smuggled Retreat Limited withdrew from its arrangement with the landlord of the public house near Minehead.

As part of the inquiry, on 12 December 2013, the Charity Commission used its legal powers to restrict the charity's and its trading subsidiaries' bank accounts and the transactions they were able to conduct. The restrictions required the trustees to obtain the prior consent of the Charity Commission before payments could be made from the accounts or property could be disposed of.

Three of the charity's five trustees resigned on 20 December 2013. In addition, a patron of the charity, Dr Liam Fox, also resigned in December 2013.

As a result of the appointment of Brian Johnson, Partner at HW Fisher and Company, as Interim Manager to the exclusion of the trustees, the charity has been under the Interim Manager's sole control since 5 February 2014.

Following his appointment the Interim Manager undertook an investigation into the viability and performance of Afghan Heroes and its subsidiaries, and a decision was taken to wind down the operation of the charity.

A specialist manager was appointed director of True Heroes Retreat Limited to trade the Retreat, as a result of it no longer being appropriate for the former directors to be involved (being the same individual as the trustees whom were excluded as a result of the Interim Manager's appointment).

Historically True Heroes Retreat Limited has traded at a significant loss. The Retreat therefore continued to be traded in order to find alternative accommodation for the beneficiaries, seek a purchaser for the Retreat and finalise the affairs of the subsidiary.

# **AFGHAN HEROES**

## **INTERIM MANAGER'S REPORT**

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The beneficiaries have been introduced to other professional support organisations and have moved on. A sale of the Retreat was effected after the date of these accounts on 25 March 2015.

During the financial year the Interim Manager has continued to investigate the affairs of Afghan Heroes, defray its outstanding liabilities and seek to realise the assets of the charity. All fixed assets of Afghan Heroes, with the exception of its investments, have now been realised.

During the year ended 31 December 2012 the charity entered into a relationship with Prize Promotions Limited ("PPL"), a professional fundraiser. Following a review into the contractual relationship between the charity and PPL, a claim against PPL was submitted by the Interim Manager shortly prior to PPL entering into Administration on 6 January 2015. The prospect of any recovery against PPL is currently uncertain.

The Interim Manager continues to manage the affairs of the charity.

## **FINANCIAL REVIEW**

### **Summary**

During the year under review the charity together with its subsidiaries ('the charitable group') earned income of £281,165 (2013 : £1,229,476). From the income earned, the charitable group spent £39,284 (2013 : £52,867) on charitable activities and incurred other costs of £515,466 (2013: £1,131,500). Further details concerning income and expenditure are provided in designated sections below.

The amount spent on charitable activities includes a calculation for the costs incurred by True Heroes Retreat Limited with regard to the occupancy of the residential area of the public house by beneficiaries of the charity and food and drink provided to the beneficiaries.

The charitable group recorded a deficit in the year of £273,585 (2013 : surplus of £45,109). As at 31 December 2014 the charitable group's total reserves totalled £19,788 (2013 : £293,373) and its cash reserves totalled £28,477 (2013 : £228,414).

The charity recorded a deficit in the year of £291,600 (2013 : surplus of £580). As at 31 December 2014 the charity's total reserves totalled £15,456 (2013 : £307,056) and its cash reserves totalled £15,453 (2013 : 87,433).

Of the charitable group's total income of £281,165, £4,242 related specifically to the charity's activities. The balance of the charitable group's income relates to the trading activities of the charity's subsidiaries.

# **AFGHAN HEROES**

## **INTERIM MANAGER'S REPORT**

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Of the charity's income of £4,242 (2013: £697,111), voluntary income totalled £4,008 (2013: £645,178) and the balance is attributable to the charity's trading activities.

Readers of this report and these financial statements should be made aware that cash receipts during the year included the receipt of £55,513 relating to voluntary income (2013:£551,838), which was received from a professional fundraiser. The sum of £55,513 was recognised as a debtor in the prior year's financial statements. The professional fundraiser passed on 20% of funds raised by its activities.

### **Costs**

The charitable group's total costs (excluding charitable expenditure) during the year under review were £515,466 (2013: £1,131,500). The charity's total costs (excluding charitable expenditure in the year under review was £256,558 (2013: £456,437). All other costs related to the activities of the charity's subsidiaries.

The charity's costs during the year did not include opening balance adjustments (2013: £25,740).

The charity's total costs of generating funds for the year were nil (2013: £400,469), governance costs in the year were £92,000 (2013: £14,136).

### **Loans to subsidiaries**

The charity has lent significant funds to its subsidiaries on an unsecured basis. The balances due to the charity from True Heroes Retreat Limited and The Smuggled Retreat Limited at 31 December 2014 totalled £328,287 and, of this, it is anticipated that, ultimately, the charity will not make any material recovery of the outstanding balance.

### **Reserves Policy**

It is understood that the trustees' policy remained the same in the period under review as it did in prior years and was to hold sufficient reserves in cash to enable the charity to meet its annual expenditure on charitable activities.

### **Contingent Liability – Corporation Tax**

During the year ended 31 December 2012 the charity entered into a relationship with Prize Promotions Limited ("PPL"), a professional fundraiser.

Due to the manner in which the relationship with PPL was set up, there was significant concern that a corporation tax liability may have arisen and not been properly accounted for. On the basis of current correspondence with HM Revenue & Customs it is considered that the possibility of a liability becoming due in respect of these funds is remote and that there will be no further tax consequence for Afghan Heroes. However, the matter is yet to be finalised.

# **AFGHAN HEROES**

## **INTERIM MANAGER'S REPORT**

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### **Financial Outlook**

For the reasons detailed within this report, the financial outlook of the charity is presently uncertain.

### **Basis of the Presentation of these Financial Statements**

These financial statements have been prepared on the basis of the charity's operations being wound down and its divestment from commercial ventures.

The financial statements that follow the examiner's report have been prepared under the instructions of the Interim Manager using the records of the charity available to him. These records were incomplete. In particular, there appear to be insufficient records relating to:

- the charity's statutory filings and records of meetings;
- subsidiaries;
- payroll; and
- cash.

### **THE FUTURE OF THE CHARITY**

Shortly after appointment, the Interim Manager requested that all fundraising efforts be suspended and that suspension remains in place.

The former beneficiaries of the charity that were resident at the public house operated by True Heroes Retreat Limited have all moved on. They were all introduced to other professional support organisations and charities that continue to provide support to the former beneficiaries as required.

The Interim Manager is continuing to wind down the operations of the charity and it is only once that process is complete that the ultimate future of the charity will be decided.



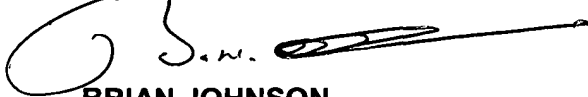
# AFGHAN HEROES

## INTERIM MANAGER'S REPORT

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The findings made by the Interim Manager involve some particularly complicated issues together with intricate areas of law and operation. As such, the Interim Manager is continuing to deal with many of those issues.

Signed

A handwritten signature in black ink, appearing to read 'B. Johnson', with a long horizontal stroke extending to the right.

**BRIAN JOHNSON**  
**INTERIM MANAGER**

Approved on: 29/10/15

# **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF AFGHAN HEROES**

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I report on the financial statements of the company for the year ended 31 December 2014 as set out on pages 10 to 29.

This report is made solely to the charity's trustees, as a body, in accordance with Section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

## **Respective responsibilities of trustees and examiner**

The charity's trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of financial statements. The trustees consider that an audit is not required for this year under Section 144(2) of the Charities Act 2011 (the '2011 Act') and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Association of Chartered Certified Accountants.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under Section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 152(5) of the 2011 Act; and
- to state where particular matters have come to my attention.

## **Basis of independent examiner's report**

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

## **Independent examiner's qualified statement**

An interim manager was appointed to the Charity on 5 February 2014. No supporting documents can be found to support the transactions for bar takings and wages in the subsidiary for the period 1 January 2014 to 5 February 2014. Therefore accounting records have not been maintained properly in accordance with section 386 of the Companies Act 2006.

In connection with my examination, no other matter except that referred to in the previous paragraph has come to my attention,

- a) which gives me reasonable cause to believe that in any material respect the requirements:
  - to prepare financial statements which accord with the accounting records and to comply with the accounting requirements of the section 396 of the Companies Act

## INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF AFGHAN HEROES

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2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

- b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

S Gravener

Name: Mrs S S Gravener FCCA

SCRUTTON BLAND  
Chartered Accountants  
Fitzroy House  
Crown Street  
Ipswich  
IP1 3LG

Date: 30 October 2015

# AFGHAN HEROES

## GROUP STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING GROUP INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 DECEMBER 2014

	Notes	Unrestricted funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>			
Voluntary income	2	4,836	645,178
<b>Activities for generating funds:</b>			
Charitable trading income	3	163	51,922
Bar income	3	276,095	532,365
Investment income	4	71	11
<b>Total incoming resources</b>		<b>281,165</b>	<b>1,229,476</b>
<b>RESOURCES EXPENDED</b>			
<b>Cost of generating funds</b>			
Costs of generating voluntary income	5	-	210,708
Fundraising trading: cost of goods sold and other costs	6	39,590	189,761
Bar running costs	7	355,370	675,063
<b>Charitable activities</b>			
Charitable expenditure		7,114	9,654
Costs of supporting beneficiaries		31,990	42,657
Grants to individuals and organisations		180	556
<b>Governance costs</b>	8	120,506	30,228
<b>Opening balance adjustments</b>		-	25,740
<b>Total resources expended</b>		<b>554,750</b>	<b>1,184,367</b>
<b>Net (expenditure)/income ((outgoing resources)/incoming resources) for the year</b>		<b>(273,585)</b>	<b>45,109</b>
<b>Reconciliation of funds</b>			
<b>Total funds brought forward as at 1 January 2014</b>		<b>293,373</b>	<b>248,264</b>
<b>Total funds carried forward</b>		<b>19,788</b>	<b>293,373</b>

None of the group's activities were acquired or discontinued during the above two financial years.

The Charity and its trading subsidiary ceased their operation subsequent to the year end.

The statement of financial activities includes all gains and losses recognised in the year.

The charitable company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Statement of Financial Activities.

# AFGHAN HEROES

## GROUP BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	13	44,345	63,800
Intangible fixed assets	14	6,999	7,999
Investments	15	-	-
		<u>51,344</u>	<u>71,799</u>
<b>Current assets</b>			
Stocks	25	8,250	8,250
Debtors	16	-	72,085
Cash at bank and in hand		28,477	228,414
		<u>36,727</u>	<u>308,749</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(68,283)</u>	<u>(87,175)</u>
<b>Net current assets</b>		<u>(31,556)</u>	<u>221,574</u>
<b>Total assets less current liabilities</b>		<b>19,788</b>	<b>293,373</b>
<b>Creditors: amounts falling due after more than one year</b>	18	<u>-</u>	<u>-</u>
<b>Net assets</b>		<u><b>19,788</b></u>	<u><b>293,373</b></u>
<b>Funds</b>	21		
Unrestricted funds:			
Other charitable funds (prior to provision against subsidiary loan)		19,788	510,375
Losses incurred by subsidiaries		-	(217,002)
		<u><b>19,788</b></u>	<u><b>293,373</b></u>

## **AFGHAN HEROES**

### **GROUP BALANCE SHEET (CONTINUED) AS AT 31 DECEMBER 2014**

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

For the year ending 31 December 2014, the group was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Signed on behalf of the Trustee's on 29/12/15

by:



**BRIAN JOHNSON  
INTERIM MANAGER**

# AFGHAN HEROES

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	13	-	21,799
Investments	15	3	3
		<u>3</u>	<u>21,802</u>
<b>Current assets</b>			
Stocks		-	1,250
Debtors	16	-	232,756
Cash at bank and in hand		15,453	87,433
		<u>15,453</u>	<u>321,439</u>
<b>Creditors: amounts falling due within one year</b>	17	-	(36,185)
<b>Net current assets</b>		<u>-</u>	<u>285,254</u>
<b>Total assets less current liabilities</b>		<b>15,456</b>	<b>307,056</b>
<b>Creditors: amounts falling due after more than one year</b>	18	-	-
<b>Net assets</b>		<u><b>15,456</b></u>	<u><b>307,056</b></u>
<b>Funds</b>	21		
Unrestricted funds:		<u><b>15,456</b></u>	<u><b>307,056</b></u>

For the year ending 31 December 2014, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

## AFGHAN HEROES

### COMPANY BALANCE SHEET (CONTINUED) AS AT 31 DECEMBER 2014

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these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Signed on 29/10/15 by: 

**Brian Johnson**  
**Interim Manager**

Company registration number: 07032339

Charity registration number: 1132340



# **AFGHAN HEROES**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014**

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### **1 Accounting policies**

#### ***Basis of accounting***

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006.

#### ***Consolidation***

The consolidated financial statements incorporate the financial statements of the charity and all group undertakings. The results of the subsidiary undertakings are consolidated on a line by line basis. As a consolidated statement of financial activities is published, a separate statement of financial activities for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

#### ***Going concern***

The financial statements have been prepared on the basis that the subsidiary companies have ceased trading and the charity has ceased fundraising operations. The future of the charity is not yet decided and it may be wound up within 12 months. The charity has sufficient cash reserves to enable it to achieve this.

#### ***Incoming resources***

All incoming resources are included in the statement of financial activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy, exclusive of Value Added Tax.

#### ***Resources expended***

Resources expended are recognised in the Statement of Financial Activities when a liability is incurred. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the activity.

Costs of generating funds include the expenditure associated with the activities undertaken by the charity to generate funds, such as the running costs of the subsidiaries.

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

Support costs have been allocated to the activities on a basis consistent with the use of resources expended.

#### ***Goodwill***

Goodwill, being the amount paid in connection with the acquisition of a business in 2012, is being amortised evenly over its estimate useful life of ten years.

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

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### 1 Accounting policies – (continued)

#### ***Fixed assets***

Fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected lives on the following basis:

Short leasehold	- 20% on cost
Equipment	- 25% on reducing balance and 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on cost

Fixed assets with a value below £100 are not capitalised.

#### ***Investments***

Investments are stated at cost less provision for any diminution in value.

#### ***Cash flow***

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

#### ***Taxation***

Afghan Heroes is a charity within the meaning of the Charities Act 2011 and as such is a charity within the meaning of Part 11, Corporation Tax Act 2010. Accordingly, Afghan Heroes is potentially exempt from taxation in respect of income or gains received within categories covered by Part 11, Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to its charitable purposes.

The subsidiary undertakings are companies as defined under the Companies Act 2006 and therefore do not receive exemption from taxation. The subsidiaries do not provide for deferred taxation on short term timing differences on the basis that the companies' profitability is difficult to foresee.

#### ***Irrecoverable VAT***

Irrecoverable VAT is included in the Statements of Financial Activities within the expenditure to which it relates.

#### ***Financial instruments***

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

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### 1 Accounting policies – (continued)

#### *Funds*

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. All funds are unrestricted.

#### *Stock*

Stock is valued at the lower of costs and net realisable value.

### 2 Voluntary income

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Donations	4,836	645,178	4,008	645,178
Gift Aid	-	-	-	-
	<u>4,836</u>	<u>645,178</u>	<u>4,008</u>	<u>645,178</u>

Fundraising activities were suspended following the Interim Manager's appointment resulting in a reduction of donations in 2014.

### 3 Activities for generating funds

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Trading income	163	51,922	163	51,922
Bar income	276,095	532,365	-	-
	<u>276,258</u>	<u>584,287</u>	<u>163</u>	<u>51,922</u>

The Charity's trading activities were suspended following the Interim Manager's appointment resulting in a reduction of trading income in 2014.

### 4 Investment income

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Investment income	<u>71</u>	<u>11</u>	<u>71</u>	<u>11</u>

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

### 5 Costs of generating voluntary income

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Event costs	-	29,843	-	29,843
Advertising & PR	-	14,284	-	14,284
Support costs	-	140,271	-	140,271
Irrecoverable VAT	-	26,310	-	26,310
	<u>-</u>	<u>210,708</u>	<u>-</u>	<u>210,708</u>

### 6 Fundraising trading: costs of goods sold and other costs

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Opening stock	1,250	16,657	1,250	16,657
Purchases	-	45,840	-	45,840
Closing stock	-	(1,250)	-	(1,250)
Support costs (see note 9)	38,340	128,514	38,340	128,514
	<u>39,590</u>	<u>189,761</u>	<u>39,590</u>	<u>189,761</u>

### 7 Bar running costs

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Staff wages	131,306	178,604	-	-
Purchases	108,106	222,922	-	-
Repairs & maintenance	11,255	62,923	-	-
Other direct costs	13,605	4,332	-	-
Advertising & PR	2,970	3,727	-	-
Rent, rates & storage	38,648	48,485	-	-
Insurance	5,008	4,137	-	-
Light & heat	23,290	34,374	-	-
Postage, stationery & sundries	2,845	6,790	-	-
Travel & subsistence	8,237	9,192	-	-
Depreciation & impairment	781	75,289	-	-
Amortisation	1,000	1,000	-	-
Loss on disposal	-	17,837	-	-
Bank charges	4,609	3,900	-	-
Donations	5,017	-	-	-
Provision for bad debts	-	1,551	-	-
Adjustment for balance not due	(1,307)	-	-	-
	<u>355,370</u>	<u>675,063</u>	<u>-</u>	<u>-</u>

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

### 8 Governance costs

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Accountancy	9,241	15,512	8,924	9,357
Legal fees	33,154	10,966	31,454	1,029
Management fees	67,330	-	40,841	-
Interim manager's expenses	4,931	-	4,931	-
Wind-down costs	5,850	-	5,850	-
Auditors' remuneration	-	3,750	-	3,750
	<u>120,506</u>	<u>30,228</u>	<u>92,000</u>	<u>14,136</u>

### 9 Support costs

	Management £	Finance £	Other £	Total £
Costs of generating voluntary income	-	-	-	-
Fundraising trading: cost of goods sold and other costs	21,891	316	16,133	38,340
	<u>21,891</u>	<u>316</u>	<u>16,133</u>	<u>38,340</u>

#### Basis of allocation of support costs

Support costs are allocated to each activity on the basis of resources expended.

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

### 10 Net incoming resources on ordinary activities

Net incoming resources on ordinary activities are stated after charging/(crediting):

	2014 £	2013 £
Depreciation and impairment of owned assets	781	105,633
Auditor's remuneration:		
For parent company	-	3,750
Independent Examiner's remuneration:		
For parent company	3,600	-
Amortisation of goodwill	1,000	1,000
Deficit/(surplus) on disposal of fixed asset	6,443	15,237
Depreciation of assets held on hire purchase contracts	-	-

### 11 Trustees' remuneration and reimbursed expenditure

The trustees received no remuneration during the current period for their role as trustees.

The Interim Manager received £46,691, during the current period, in respect of fees relating to his appointment authorised by the Charity Commission. Additional management fees of £26,489 were incurred in relation to True Heroes Retreat Limited. The Interim Manager was reimbursed the sum of £13,172 in respect of disbursements incurred during the course of his appointment, of which, £8,241 related to legal fees payable by the Charity, £1,800 related to investigatory work and £3,131 related to travel, accommodation and subsistence.

### 12 Staff costs

	2014 £	2013 £
Wages and salaries	138,803	314,780
Social security costs	8,355	7,589
	<u>147,158</u>	<u>322,369</u>

No employee received remuneration in excess of £60,000.

The average number of employees during the year was 16 (2013: 31)

Details of the average number of employees on a full time equivalent basis is not available.

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

### 13 Tangible fixed assets

#### Group

	Short Leasehold property	Equipment £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>						
At 1 January 2014	76,377	72,751	22,049	30,080	8,511	209,768
Additions	-	3,124	-	-	-	3,124
Disposals	-	(50,756)	(1,882)	(23,080)	(8,511)	(84,229)
At 31 December 2014	76,377	25,119	20,167	7,000	-	128,663
<b>Depreciation</b>						
At 1 January 2014	34,376	62,001	22,048	19,330	8,213	145,968
Charge for the year	-	781	-	-	-	781
Impairment	-	-	-	-	-	-
Disposals	-	(40,006)	(1,882)	(12,330)	(8,213)	(62,431)
At 31 December 2014	34,376	22,776	20,166	7,000	-	84,318
<b>Net book value</b>						
At 31 December 2014	42,001	2,343	1	-	-	44,345
At 31 December 2013	42,001	10,750	1	10,750	298	63,800

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

### 13 Tangible fixed assets – (continued)

#### Company

	Short leasehold £	Equipment £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>						
At 1 January 2014	-	50,756	1,882	23,080	8,511	84,229
Additions	-	-	-	-	-	-
Disposals	-	(50,756)	(1,882)	(23,080)	(8,511)	(84,229)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 January 2014	-	40,006	1,881	12,330	8,213	62,430
Charge for the year	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Disposal	-	(40,006)	(1,881)	(12,330)	(8,213)	(62,430)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2014	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>						
At 31 December 2014	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	-	10,750	1	10,750	298	21,799
	<u>-</u>	<u>10,750</u>	<u>1</u>	<u>10,750</u>	<u>298</u>	<u>21,799</u>



# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

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### 14 Intangible fixed assets

<b>Group</b>	<b>Goodwill £</b>
<b>Cost</b>	
As at 1 January 2014 and 31 December 2014	<u>9,999</u>
<b>Amortisation</b>	
At 1 January 2014	2,000
Amortisation for the year	<u>1,000</u>
At 31 December 2014	<u>3,000</u>
<b>Net book value</b>	
At 31 December 2014	<u><u>6,999</u></u>
At 31 December 2013	<u><u>7,999</u></u>

Goodwill relates to the acquisition of the licence of The Retreat at Ashcott, formerly The Ashcott Inn.

### 15 Investments

<b>Charity</b>	<b>Total £</b>
<b>Cost</b>	
At 1 January 2014	3
Additions	-
Disposals	<u>-</u>
At 31 December 2014	3
<b>Net book value</b>	
At 31 December 2014	<u><u>£3</u></u>
At 31 December 2013	<u><u>£3</u></u>

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

### 15 Investments (continued)

The charity owns 100% of the issued share capital of the following companies, all registered in England and Wales;

The True Heroes Retreat Limited (see note 26)

The Smuggled Retreat Limited (see note 27) dissolved on 10 February 2015.

True Heroes Limited (dormant) dissolved on 17 February 2015.

### 16 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts due from group undertakings	-	-	-	177,243
Other debtors	-	72,085	-	55,513
	<u>-</u>	<u>72,085</u>	<u>-</u>	<u>232,756</u>

### 17 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	46,321	66,699	-	23,038
Taxation and social security	21,962	12,682	-	6,353
Other creditors	-	7,794	-	6,794
Hire purchase	-	-	-	-
	<u>68,283</u>	<u>87,175</u>	<u>-</u>	<u>36,185</u>

### 18 Creditors : amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Hire purchase	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

### 19 Financial commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiring:		
Within one year	-	-

### 20 Contingent Liabilities

As referred to in the Trustees Report, the manner in which the relationship with PPL was set up made the income potentially liable to income tax. On the basis of current correspondence with HM Revenue & Customs it is considered that the possibility of a liability becoming due in respect of these funds is remote and that there will be no further tax consequence for Afghan Heroes. However, the matter is yet to be finalised.

### 21 Movement in funds

#### Group

	Balance at 1 January 2014 £	Incoming resources £	Resources expended £	Balance at 31 December 2014 £
<b>Unrestricted funds</b>				
General fund	293,373	281,165	(554,750)	19,788
<b>Total funds</b>	<b>293,373</b>	<b>281,165</b>	<b>(554,750)</b>	<b>19,788</b>

#### Company

	Balance at 1 January 2014 £	Incoming resources £	Resources expended £	Balance at 31 December 2014 £
<b>Unrestricted funds</b>				
General fund	307,056	4,242	(295,842)	15,456
<b>Total funds</b>	<b>307,056</b>	<b>4,242</b>	<b>(295,842)</b>	<b>15,456</b>

# **AFGHAN HEROES**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014**

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### **22 Related party transactions**

During 2014 the sum of £1,505 was paid to Accounting Solutions in respect of book keeping and accountancy services of whom the director is a former trustee of the Charity.

The Interim Manager received £45,772, during the current period, in respect of fees relating to his appointment authorised by the Charity Commission. The Interim Manager was reimbursed the sum of £13,172 in respect of disbursements incurred during the course of his appointment, of which, £8,241 related to legal fees payable by the Charity, £1,800 related to investigatory work and £3,131 related to travel, accommodation and subsistence.

### **23 Ultimate Controlling Party**

The charity has no ultimate controlling party throughout the period under review.

### **24 Post balance sheet events**

Subsequent to the appointment of Brian Johnson as Interim Manager of Afghan Heroes by the Charity Commission on 5 February 2014 and as a result of a review into the performance and viability of Afghan Heroes and its subsidiaries, a decision was taken to wind-down the operations of the Charity. True Heroes Retreat Limited was the remaining trading subsidiary and it traded as a public house known as the Retreat.

The Retreat was trading at a significant loss prior to the Interim Manager's involvement and those losses had been funded by charitable money. No further charitable money has been used in funding the Retreat. However, the process of Afghan Heroes exiting from True Heroes Retreat Limited has involved costs incurred by that company.

The additional costs relate to the appointment and maintenance of a specialist manager to trade the venue as director, as a result of it no longer having been appropriate for the former directors (the same individuals as the trustees whom were excluded as a result of the Interim Manager appointment) to be involved, costs in relation to servicing the needs of the beneficiaries (which whilst reduces the intercompany debt also reduces the eventual repayment), costs in relation to the on-going maintenance of the trade of the business whilst a willing buyer was sought.

Prior to the involvement of the specialist director, True Heroes Retreat Limited was trading at a significant loss. It is as a result of his appointment that the losses have significantly reduced enabling the business to be traded whilst a willing buyer was sought.

The Retreat was sold by way of a surrender of the premises lease for the sum of £62,500 on 25 March 2015. The affairs of True Heroes Retreat Limited continue to be finalised prior to the company's dissolution.

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

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### 24 Post balance sheet events (continued)

True Heroes Limited was dissolved on 17 February 2015 by the Registrar of Companies.

The Smuggled Retreat Limited was dissolved on 10 February 2015 by the Registrar of Companies.

### 25 Stock

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Stock	<u>8250</u>	<u>8250</u>	<u>-</u>	<u>1250</u>

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

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### 26 Subsidiary Company 1 – True Heroes Retreat Limited

The Charity owns the whole of the issued share capital of The True Heroes Retreat Limited, a company registered in England. The subsidiary is used for the running of a Public House, which includes accommodation to house beneficiaries. All results have been included in a line by line basis in the SOFA. A summary of the results of the subsidiary are shown below:

	2014 £	2013 £
Turnover	<u>276,302</u>	<u>391,858</u>
Total income from trading company	<u>276,302</u>	<u>391,858</u>
Costs of sales	251,422	289,092
Administration expenses	<u>103,949</u>	<u>188,016</u>
Total trading company costs	<u>355,371</u>	<u>477,108</u>
Net (loss) for the year excluding inter-company costs	<u>(79,069)</u>	<u>(85,250)</u>
Costs Eliminated on consolidation	<u>(28,506)</u>	<u>(16,946)</u>
Net (loss) for the year	<u><u>(107,575)</u></u>	<u><u>(102,196)</u></u>
Assets	72,557	208,570
Liabilities	<u>(340,539)</u>	<u>(368,977)</u>
Funds	<u><u>(267,982)</u></u>	<u><u>(160,407)</u></u>

# AFGHAN HEROES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2014

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### 27 Subsidiary Company 2 – The Smuggled Retreat

The Charity owns the whole of the issued share capital of The Smuggled Retreat Limited, a company registered in England and dissolved on 10 February 2015. The subsidiary is used for the running of a Public House. All results have been included in a line by line basis in the SOFA. A summary of the results of the subsidiary are shown below:

	2014 £	2013 £
Turnover	-	140,507
Total income from trading company	-	140,507
Costs of sales	-	119,528
Administration expenses	-	94,517
Total trading company costs	-	214,045
Net (loss) for the year excluding inter-company costs	-	(73,538)
Costs Eliminated on consolidation	-	-
Net (loss) for the year	-	(73,538)
Assets	60	60
Liabilities	(73,598)	(73,598)
Funds	(73,538)	(73,538)

# AFGHAN HEROES

## DETAILED CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 DECEMBER 2014

	2014 £	2013 £
<b>INCOMING RESOURCES</b>		
<b>Voluntary income</b>		
Donations	4,836	645,178
<b>Activities for generating funds</b>		
Trading income	276,258	584,287
<b>Investment income</b>		
Deposit account interest	71	11
<b>Total incoming resources</b>	<b>281,165</b>	<b>1,229,476</b>
<b>RESOURCES EXPENDED</b>		
<b>Costs of generating voluntary income</b>		
Event costs	-	29,843
Advertising and PR	-	14,284
Irrecoverable VAT	-	26,310
	-	70,437
<b>Fundraising trading: cost of goods sold and other costs</b>		
Opening stock	1,250	16,657
Purchases	-	45,840
Closing stock	-	(1,250)
Bar running costs	355,370	675,063
	<b>356,620</b>	<b>736,310</b>
<b>Charitable activities</b>		
Charitable expenditure	7,114	9,654
Grants to individuals	180	556
Costs of supporting beneficiaries	31,990	42,657
	<b>39,284</b>	<b>52,867</b>
<b>Governance costs</b>		
Accountancy	1,041	15,512
Legal fees	33,154	10,966
Interim Manager's fees	67,330	-
Interim Manager's expenses	4,931	-
Wind-down costs	5,850	-
Auditors' remuneration	8,200	3,750
	<b>120,506</b>	<b>30,228</b>
<b>Resources expended – carried forward</b>	<b>516,410</b>	<b>889,842</b>
<b>Total incoming resources – carried forward</b>	<b>269,157</b>	<b>1,229,476</b>



# AFGHAN HEROES

## DETAILED CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 DECEMBER 2014

	2014 £	2013 £
<b>Total incoming resources – brought forward</b>	<b>269,157</b>	<b>1,229,476</b>
<b>Resources expended – brought forward</b>	<b>516,410</b>	<b>889,842</b>
<b>Management</b>		
Wages	14,770	136,176
Social security	1,082	7,589
Rent, rates and storage costs	93	18,730
Insurance	1,373	7,954
Light and heat	-	6,321
Telephone, postage, stationery and sundries	2,265	25,528
Motor and travel	538	35,478
Computer support	1,121	-
Repairs and renewals	649	-
	<b>21,891</b>	<b>237,776</b>
<b>Finance</b>		
Bank charges	316	3,266
Hire purchase	-	-
	<b>316</b>	<b>3,266</b>
<b>Other</b>		
Plant and machinery	-	20,704
Fixtures and fittings	-	1,265
Motor vehicles	-	3,076
Computer equipment	-	5,298
Loss/(profit) on sale of tangible fixed assets	6,443	(2,600)
Agent/Valuer Costs	11,596	-
Irrecoverable VAT	19,423	-
Adjustment for balances not due	(21,329)	-
	<b>16,133</b>	<b>27,743</b>
<b>Opening balance adjustment</b>	<b>-</b>	<b>25,740</b>
<b>Total resources expended</b>	<b>554,750</b>	<b>1,184,367</b>
<b>Net income</b>	<b>(273,585)</b>	<b>45,109</b>