KOU-E-KKAZAH WELFARE ORGANIZATION

Financial Statements for The Year Ended 30 June 2020

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Independent Auditors' Report to the Management Committee

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of Kous-E-Kazah Welfare Organization (NGO), which comprise the statement of financial position as at 30 June 2020, and the income and expenditure account, statement of changes in general fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kous-E-Kazah Welfare Organization as at 30 June 2020, and its financial performance and its changes in general fund for the year then ended in accordance with the accounting policies followed by such NGOs as described in note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the NGO in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies followed by such NGOs as described in note 2 to the financial statements, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Committee is responsible for assessing the NGOs ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the NGO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NGOs financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NGO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NGO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the NGO's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: Rashid Rahman Mir
Lahore:

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KAUS-E-KAZAH WELFARE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	NOTES	2020 Rupees	2019 Rupees
PROPERTY AND ASSETS			
Property and equipment	3	2,377,220	1,404,988
Capital work in progress		3,900,000	-
		6,277,220	**1,404,988**
CURRENT ASSETS			
Receivables	4	1,400,000	575,000
Advances, deposits and prepayments	5	243,830	192,395
Cash and bank balances	6	11,726,432	180,488
		13,370,262	**947,883**
		19,647,482	**2,352,871**
EQUITY AND LIABILITIES			
Accumulated fund	7	3,792,644	2,038,566
NON CURRENT LIABILITIES			
Deffered grant	8	15,647,203	-
CURRENT LIABILITIES			
Short term loan	9	-	200,000
Accrued and other liabilities	10	120,133	114,305
Provision for taxation		87,502	-
		207,635	**314,305**
CONTINGENCIES AND COMMITMENTS	11		
		19,647,482	**2,352,871**

The annexed notes from 1 to 16 form an integral part of these financial statements.

Fauzia mykeel

EXECUTIVE COORDINATOR

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PRESIDENT

KAUS-E-KAZAH WELFARE ORGANIZATION
INCOME OR EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020

	NOTES	2020 Rupees	2019 Rupees
GRANTS AND INCOME			
Reciepts	12	7,645,952	6,941,868
EXPENDITURE			
Project Expense	13	(1,789,088)	4,105,214
Administration expenditure	14	(4,015,284)	3,274,383
		(5,804,372)	**7,379,597**
Taxation		(87,502)	-
Surplus/(deficit) for the year transferred to accumulated fund		**1,754,078**	**(437,729)**

The annexed notes from 1 to 16 form an integral part of these financial statements.

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EXECUTIVE COORDINATOR **PRESIDENT**

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KAUS-E-KAZAH WELFARE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 THE ORGANISATION AND ITS STATUS

Kaus-e-Kazah welfare organiztion is a NGO registered with Social Welfare & Bait ul Mal Punjab under the Voluntary Social Welfare Agencies (Registration Controls) Ordinance, 1961. The entity started its operations on July 26, 2003. The entity is involved in the sepcial education and vocational training on non commercial basis. The registered office (central office) of the entity is House No. 188, Street No. 7, Phase -II, Gulrez housing scheme, Rawalpindi.

2 ACCOUNTING POLICIES

The significant accounting policies being followed are summarised below:

2.1 Statement of compliance

These financial statements have been prepared in accounts with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs 2006) issued by the Institute of Chartered Accountants of Pakistan, which have been adopted voluntrily by the management.

2.2 Critical Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards require the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Entity's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances.

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of fixed assets consists of purchase price and attributable cost in bringing the assets to their working conditions.

Depreciation is calculated and charged to income or expenditure account by applying the rate mentioned in the respective note using straight line method so as to write off the cost of the assets over their useful lives. Full month's depreciation is charged in the month of addition and no depreciation is charged in the month of disposal. Asset's residual values and useful lives are reviewed at each financial year end and adjusted for their intended use.

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Normal repair and maintenance is charged to income or expenditure account as and when incurred, whereas, major renewals and improvements are included in asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the entity and the cost of the items can be measured reliably. All other expenses are charged to income or expenditure account during the period in which they are incurred.

The Carrying amount of the assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any indication exists that the carrying amount exceeds recoverable amount, an impairment loss is recognized in the financial statements.

2.5 **Cash and cash equivalents**

Cash and cash equivalents are carried at cost in the statement of financial position. These consist of cash in hand, cash at bank in current and saving accounts.

2.6 **Government grant**

Restricted grant

Grants related to income are recognized on a systematic basis as income over the periods necessary to match them with related expenses incurred in accordance with terms of the respective project activities and the balance amount of the year end is shown as "deferred grant".

Grants related to fixed assets are presented in the balance sheet by setting up the funds against capital expenditure. An amount equivalent to the depreciation for each year on such assets is credited to income and expenditure account in the same year in which the depreciation is charged.

Unrestricted grant

General funds received from the donor are recognized when received.

2.7 **Revenue recognition**

Revenue is recognized on accrual basis.

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3 **Property and equipment**

PARTICULARS		COST				DEPRECIATION					WRITTEN DOWN VALUE
		AS ON 01 JULY 19	ADDITIONS	(DELETIONS)	AS ON 30 JUNE 19	RATE %	AS ON 01 JULY 19	ON (DELETIONS)	FOR THE YEAR	AS ON 30 JUNE 20	AS ON 30 JUNE 20
Furniture and fixture		540,785	-	-	540,785	15	510,286	-	10,699	520,985	19,800
Office Equipment		860,387			860,387	15	860,387		-	860,387	-
Motor Vehicles		1,738,310	-	-	1,738,310	15	1,461,372	-	260,747	1,722,119	16,191
Books & Periodicals		6,561			6,561	15	6,561		-	6,561	-
Projects Equipment		1,258,510	1,681,791	-	2,940,301	20	160,959	-	438,113	599,072	2,341,229
2020	**Rupees**	**4,404,553**	**1,681,791**	-	**6,086,344**		**2,999,565**	-	**709,559**	**3,709,124**	**2,377,220**
2019	**Rupees**	**3,146,043**	**1,258,510**		**4,404,553**		**2,496,742**		**502,823**	**2,999,565**	**1,404,988**

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	2020 Rupees	2019 Rupees
4 RECEIVABLES		
Punjab Skills Development Fund	600,000	-
National Bank of Pakistan	800,000	500,000
Punjab Welfare Trust for the Disabled	-	75,000
	1,400,000	**575,000**
5 ADVANCES, DEPOSITS AND PREPAYMENTS		
Advance income tax	243,830	192,395
	243,830	**192,395**
6 CASH AND BANK BALANCES		
Cash in hand	-	178,989
Cash at bank:		
Current Account	11,726,432	1,499
	11,726,432	**180,488**
7 ACCUMULATED FUND		
Opening balance	2,038,566	2,476,295
Surplus / (deficit) for the year	1,754,078	(437,729)
Closing balance	**3,792,644**	**2,038,566**
8 DEFFERED GRANT	**15,647,203**	-

This represents Grant received from the Consulate of Japan with HO in Karachi. This grant contract was signed between the Consulate General of Japan and Kaus-e-Kazah Welfare Organization for the project for "Construction of primary girls school in Mehar, Dadhu Sindh" on 29th Jan, 2020. The grant was for ninety eight thousand nine hundred and sixty-nine Dollars (USD 98.969), or its local currency equivalent Pak Rupee (PKR 15,647,203) as of the date of the disbursement.

	2020 Rupees	2019 Rupees
9 SHORT TERM LOAN		
Short term loan	-	200,000

The loan taken from Akhuwat Foundation was interest free and repaid during the year.

	2020 Rupees	2019 Rupees
10 ACCRUED AND OTHER LIABILITIES		
Audit fee payable	34,800	34,800
Other payables	-	30,505
Payroll liabilities	85,333	49,000
	120,133	**114,305**

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11 CONTINGENCIES & COMMITMENTS

The NGO ia not exposed to any contingent liability and has not made any capital commitment at the statement of financial position date (2019: Nil).

	2020 Rupees	2019 Rupees
12 RECEIPTS		
Donations		
Donations From Individuals	3,937,331	817,515
Punjab Welfare Trust for the Disabled	1,326,000	225,000
Reciepts As per Joint Operations Agreement	-	155,600
	5,263,331	**1,198,115**
Grants & Assistance		
National Bank of Pakistan	1,778,889	2,550,000
Punjab Skills Development Fund	603,732	-
The Citizens Foundation	-	2,675,574
From Madani Madrassa	-	50,000
Punjab Skills Development Fund	-	313,179
From Discovery School	-	80,000
From PWD	-	75,000
	2,382,621	5,743,753
	7,645,952	**6,941,868**
13 PROJECT EXPENDITURE		
Program Expenses		
National Bank of Pakistan	259,803	306,500
Punjab Welfare Trust for the Disabled	225,000	-
Punjab Skills Development Fund	26,880	45,824
Running cost for School in Sindh	92,133	-
Fuel Cost supported by PWTD	92,572	-
Expense as Per Joint Operation Agreement	1,092,700	3,324,380
The Citizens Foundation	-	396,610
Others	-	31,900
	1,789,088	**4,105,214**
14 ADMINISTRATION EXPENDITURE		
Salaries and benefits	1,887,398	1,495,166
Legal and Professional Charges	187,000	15,000
Utilities	142,752	136,123
Office supplies	37,360	51,112
Repair and maintenance	133,241	42,500
Audit fee	34,800	34,800
Printing and stationery	96,862	60,200
Medical expenses	29,240	27,462
Travelling and conveyance	58,259	36,500
Communication	12,895	60,000
Office rent	660,000	799,000
Boarding and lodging	-	9,500
Bank charges	8,321	4,197
Miscellaneous	17,597	-
Depreciation	709,559	502,823
	4,015,284	**3,274,383**

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15 PRESENTATION

The Financial Statements have been presented in Pak Rupees, which is also the NGO's presentation and functional currency. Figures are rounded off to the nearest Rupees. The corresponding figures are re-grouped/re-arranged for the purpose of comparison. Appropriate disclosure is given in relevant note in case of material rearrangement.

16 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

A novel strain of corona virus (COVID-19) that was classified as a pandemic by the World Health Organization in March 2020, impacting countries globally. This pandemic has significantly affected all segments of economy. The fair value determination at the measurement date has become more challenging due to the uncertainty of the economic impact of COVID-19. The Trust expects that going forward these uncertainties would reduce as the impact of COVID-19 on overall economy subsides and management have evaluated and concluded that there is no going concern uncertainty and there are no material implications of COVID-19 impacts that requires disclosures/ adjustments in these financial statements.

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EXECUTIVE COORDINATOR

PRESIDENT

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