KOU-E-KKAZAH WELFARE ORGANIZATION

Financial Statements for The

Year Ended 30 June 2022

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Independent Auditors' Report to the Management Committee of Kaus-E-Kazah Welfare Organization

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kaus-E-Kazah Welfare Organization (the Entity), which comprise the statement of financial position as at 30 June 2022, and the income and expenditure account 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 the Entity as at 30 June 2022, and its financial performance for the year then ended in accordance with the accounting policies followed by such entities 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 Entity 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 entities 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 the 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's 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 Entity'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 Entity'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 Entity 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.

Rashid

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: Rashid Rahman Mir
Lahore: 08 MAY 2023
UDIN:AR202210146UWpyPie5a

KAUS-E-KAZAH WELFARE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	NOTES	2022 Rupees	2021 Rupees
PROPERTY AND ASSETS			
Property and equipment	3	14,836,539	17,094,312
Capital Work in Progress	4	-	-
		14,836,539	**17,094,312**
CURRENT ASSETS			
Receivables - considered doubtful	5	800,000	800,000
Advances, deposits and prepayments	6	349,452	315,747
Cash and bank balances	7	119,436	55,719
		1,268,888	**1,171,466**
		16,105,427	**18,265,777**
EQUITY AND LIABILITIES			
Capital Fund	8	13,300,123	14,864,843
Accumulated fund	9	2,692,704	3,245,933
		15,992,827	**18,110,776**
CURRENT LIABILITIES			
Accrued and other liabilities	10	112,600	155,000
Provision for Taxation		-	-
		112,600	**155,000**
CONTINGENCIES AND COMMITMENT	11		
		16,105,427	**18,265,776**

The annexed notes 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
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	NOTES	2022 Rupees	2021 Rupees
GRANTS AND INCOME			
Reciepts	12	**5,535,076**	**5,101,918**
Amortization of Deferred Grant	8	1,564,720	782,360
EXPENDITURE			
Project expenses	13	(2,240,541)	(1,539,370)
Administration expenses	14	(5,412,484)	(4,891,619)
		(7,653,025)	**6,430,989**
Taxation			
Deficit for the year transferred to accumulated fund		**(553,229)**	**(546,711)**

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

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EXECUTIVE COORDINATOR

PRESIDENT

KAUS-E-KAZAH WELFARE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 THE ORGANISATION AND ITS STATUS

Kaus-e-Kazah Welfare Organiztion (the Entity) is a NGO registered with Social Welfare and 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 special education and vocational training on non commercial basis. The registered office (central office) of the entity is at 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 accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (AFRS for SSEs 2006) issued by the Institute of Chartered Accountants of Pakistan, which have been adopted volunatarily by the management.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires 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 experience, 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 and expenditure account by applying the rates mentioned in the note 3 using straights line method so as to write off the costs of assets over their useful lives. Full month's depreciation is charged from the month of addition and no depreciation is charged from the month of disposal. Asset's residual values and useful lives are reviewed at each financial year end and adjusted for their intended use.

Normal repair and maintenance is charged to income and 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 and 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 and cash at bank in current and saving accounts.

2.6 **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 the 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

Geneal funds received from the donor are recognized when received

2.7 **Revenue recognition**

Revenue is recognized on accrual basis.

2.8 **Presentation**

The financial statements have been presented in Pak Rupees, which is also the Entity's presentation and functional currency. Figures are rounded off to the nearest rupees. The corresponding figures are regrouped/ rearranged for the purpose of comparison. Appropriate disclosure is given in relevant note in case of material rearrangement.

3 PROPERTY AND EQUIPMENT

PARTICULARS		COST				DEPRECIATION					WRITTEN DOWN VALUE
		AS ON 01 JULY 21	ADDITIONS	(DELETIONS)	AS ON 30 JUNE 22	RATE %	AS ON 01 JULY 21	ON (DELETIONS)	FOR THE YEAR	AS ON 30 JUNE 22	AS ON 30 JUNE 22
School Building on leasehold land		15,647,203	-	-	15,647,203	10	782,360	-	1,564,720	2,347,080	13,300,123
Furniture and fixture		540,785	-	-	540,785	15	540,785	-	-	540,785	-
Office Equipment		860,387	-	-	860,387	15	860,387	-	-	860,387	-
Motor Vehicles		1,738,310	-	-	1,738,310	15	1,738,310	-	-	1,738,310	-
Books & Periodicals		6,561	-	-	6,561	15	6,561	-	-	6,561	-
Projects Equipment		3,465,263	-	-	3,465,263	20	1,235,794	-	693,053	1,928,847	1,536,416
2022	**Rupees**	**22,258,509**	-	-	**22,258,509**		**5,164,197**	-	**2,257,773**	**7,421,970**	**14,836,539**
2021	**Rupees**	**6,086,344**	**16,172,165**	-	**22,258,509**		**3,709,124**	-	**1,455,073**	**5,164,197**	**17,094,312**

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KAUS-E-KAZAH WELFARE ORGANIZATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
4 CAPITAL WORK IN PROGRESS		
School Buildng		
Balance at the beginnig of the year	-	3,900,000
Additions during the year	-	11,747,203
Transferred during the year	-	(15,647,203)
Balance at 30 June	-	-
5 RECEIVEABLES		
National Bank of Pakistan	800,000	800,000
	800,000	**800,000**
6 ADVANCES, DEPOSITS AND PREPAYMENTS		
Advance income tax	316,999	315,746
Prepaid expense	32,453	
	349,452	**315,746**
7 CASH AND BANK BALANCES		
Cash in hand	-	-
Cash at bank:		
Current accounts	119,436	55,719
	119,436	**55,719**
8 CAPITAL FUND		
School Building		
Balance at the beginnig of the year	14,864,843	15,647,203
Amortization for the year	(1,564,720)	(782,360)
Closing balance as at 30 June	**13,300,123**	**14,864,843**

This represents grant received from the Consulate of Japan with head office 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 29 January 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. It was utilized in accordance with the grant contract and construction of school was completed on 19 January 2021. It will be amortized over the period and recorded as income in the income and expenditure account in line with depreciation charged on school building, refer note 2.6.

	2022 Rupees	2021 Rupees
9 ACCUMULATED FUND		
Opening balance	3,245,933	3,792,644
Deficit for the year	(553,229)	(546,711)
Closing balance	**2,692,704**	**3,245,933**
10 ACCRUED AND OTHER LIABILITIES		
Accrued rent	62,600	105,000
Audit fee payable	50,000	50,000
	112,600	**155,000**

11 CONTINGENCIES AND COMMITMENTS

The Entity is not exposed to any contingent liability and has not made any capital commitment at the statement of financial position date (2021: Nil).

12 RECEIPTS

	NOTES	2022 Rupees	2021 Rupees
Donations			
Donations from individuals		1,152,328	720,040
Punjab Welfare Trust for the Disabled		230,000	225,000
Reciepts as per joint operations agreement		-	1,515,000
		1,152,328	**2,460,040**
Grants and assistance			
Sindh Education Foundation		1,177,400	-
Junior Jinnah Trust		2,150,000	-
Caritas		230,000	-
Punjab Board of Technical Education (PBTE)		-	-
Punjab Skills Development Fund		-	600,000
COIVID-19 response		-	463,440
Ilm-o-Hunar literacy project		595,348	88,438
		4,382,748	**2,641,878**
		5,535,076	**5,101,918**

13 PROJECT EXPENSES

		2022	2021
Sindh Education Foundation repairs expense		1,069,611	-
JJT repair expense		69,190	-
COVID-19 Response		-	463,440
Ilm-o-Hunar literacy project		10,395	431,203
Running cost for school in sindh		-	481,000
Fuel cost supported by PWTD		141,143	163,727
Expense as Per Joint Ops Agreement		950,202	-
		2,240,541	**1,539,370**

14 ADMINISTRATION EXPENSES

	NOTES	2022	2021
Salaries and benefits		1,689,300	1,709,166
Legal and professional charges		88,000	80,000
Utilities		89,437	104,732
Office supplies		131,424	263,186
Repair and maintenance		166,150	41,357
Audit fee		50,000	50,000
Printing and stationery		68,808	208,854
Travelling and conveyance		8,930	159,929
Communication		20,340	32,109
Office rent		826,540	752,000
Bank charges		10,605	3,780
Miscellaneous		5,177	31,433
Depreciation	3	2,257,773	1,455,073
		5,412,484	**4,891,619**

15 IMPACT OF GLOBAL WARMING ON THE FINANCIAL STATEMENTS

Once the Corona Virus receded, Global Warming has heavily affected Pakistan's economy, as recognized by Secretary General United Nations. Heavy rains have inundated many villages in Dadhu, Sindh and our School at Mehar is still surrounded by stagnant water all around.

16 DATE OF AUTHORIZATION FOR ISSUE 08 MAY 2023

The financial statements were authorized for issue on -------------------- by the management committee.

EXECUTIVE COORDINATOR **PRESIDENT**

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