KAUS-E-KAZAH WELFARE ORGANIZATION

Financial Statements for The

Year Ended 30 June 2021

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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 2021, 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 Kaus-E-Kazah Welfare Organization as at 30 June 2021, 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.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: Rashid Rahman Mir
Lahore: 22 DEC 2021

KAUS-E-KAZAH WELFARE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	NOTES	2021 Rupees	2020 Rupees
PROPERTY AND ASSETS			
Property and equipment	3	17,094,312	2,377,220
Capital work in progress	4	-	3,900,000
		17,094,312	6,277,220
CURRENT ASSETS			
Receivables	5	800,000	1,400,000
Advances, deposits and prepayments	6	315,746	243,830
Cash and bank balances	7	55,719	11,726,432
		1,171,465	13,370,262
		18,265,776	19,647,482
EQUITY AND LIABILITIES			
Capital fund - school building	8	**14,864,843**	15,647,203
Accumulated fund	9	**3,245,933**	3,792,644
CURRENT LIABILITIES			
Accrued and other liabilities	10	155,000	120,133
Provision for taxation		-	87,502
		155,000	207,635
CONTINGENCIES AND COMMITMENT	11		
		18,265,776	19,647,482

The annexed notes 1 to 15 form an integral part of these financial statements.

Fauzia mqbool

EXECUTIVE COORDINATOR

PRESIDENT

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KAUS-E-KAZAH WELFARE ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021

	NOTES	2021 Rupees	2020 Rupees
GRANTS AND INCOME			
Reciepts	12	**5,101,918**	7,645,952
Amortization of deferred grant	8	**782,360**	-
EXPENDITURE			
Project expenditures	12	(1,539,370)	(1,789,088)
Administration expenditures	13	(4,891,619)	(4,015,284)
		(6,430,989)	(5,804,372)
Taxation		-	(87,502)
(Deficit)/ surplus for the year transferred to accumulated fund		**(546,711)**	1,754,078

The annexed notes 1 to 15 form an integral part of these financial statements.

Fauzia Iqbal

EXECUTIVE COORDINATOR

PRESIDENT

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KAUS-E-KAZAH WELFARE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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.

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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.

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3 Property and equipment

PARTICULARS		COST				DEPRECIATION					WRITTEN DOWN VALUE
		AS ON 01 JULY 20	ADDITIONS	(DELETIONS)	AS ON 30 JUNE 21	RATE %	AS ON 01 JULY 20	ON (DELETIONS)	FOR THE YEAR	AS ON 30 JUNE 21	AS ON 30 JUNE 21
School building		-	15,647,203	-	15,647,203	10	-	-	782,360	782,360	14,864,843
Furniture and fixture		540,785	-	-	540,785	15	520,985	-	19,800	540,785	-
Office equipment		860,387	-	-	860,387	15	860,387	-	-	860,387	-
Motor vehicles		1,738,310	-	-	1,738,310	15	1,722,119	-	16,191	1,738,310	-
Books and periodicals		6,561	-	-	6,561	15	6,561	-	-	6,561	-
Projects equipment		2,940,301	524,962	-	3,465,263	20	599,072	-	636,722	1,235,794	2,229,469
2021	**Rupees**	**6,086,344**	**16,172,165**	-	**22,258,509**		**3,709,124**	-	**1,455,073**	**5,164,197**	**17,094,312**
2020	**Rupees**	**4,404,553**	**1,681,791**	-	**6,086,344**		**2,999,565**	-	**709,559**	**3,709,124**	**2,377,220**

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		2021 Rupees	2020 Rupees
4	**CAPITAL WORK IN PROGRESS**		
	-School building		
	Balance at the beginning of the year	3,900,000	-
	Additions during the year	11,747,203	3,900,000
	Transferred during the year	(15,647,203)	-
	Balance as at 30 June	-	3,900,000
5	**RECEIVABLES**		
	Punjab Skills Development Fund	-	600,000
	National Bank of Pakistan	800,000	800,000
		800,000	1,400,000
6	**ADVANCES, DEPOSITS AND PREPAYMENTS**		
	Advance income tax	315,746	243,830
		315,746	243,830
7	**CASH AND BANK BALANCES**		
	Cash in hand	-	-
	Cash at bank:		
	Current account	55,719	11,726,432
		55,719	11,726,432
8	**CAPITAL FUND - SCHOOL BUILDING**		
	Balance at the beginnig of the year	15,647,203	-
	Received during the year	-	15,647,203
	Amortization for the year	(782,360)	-
	Closing balance as at 30 June	**14,864,843**	15,647,203

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.

		2021 Rupees	2020 Rupees
9	**ACCUMULATED FUND**		
	Opening balance	3,792,644	2,038,566
	(Deficit)/ Surplus for the year	(546,711)	1,754,078
	Closing balance	**3,245,933**	3,792,644
10	**ACCRUED AND OTHER LIABILITIES**		
	Accrued rent	105,000	-
	Audit fee payable	50,000	34,800
	Payroll liabilities	-	85,333
		155,000	**120,133**

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 (2020: Nil).

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	Note	2021 Rupees	2020 Rupees
12 RECEIPTS			
Donations			
Donations from individuals		720,040	3,937,331
Punjab Welfare Trust for the Disabled		225,000	1,326,000
Reciepts as per joint operations agreement		1,515,000	-
		2,460,040	5,263,331
Grants and assistance			
National Bank of Pakistan		-	1,778,889
Punjab Skills Development Fund		600,000	603,732
COIVID-19 response		463,440	-
Ilm-o-Hunar literacy project		88,438	-
		2,641,878	2,382,621
		5,101,918	7,645,952
13 PROJECT EXPENDITURES			
National Bank of Pakistan		-	259,803
Punjab Welfare Trust for the Disabled		-	225,000
COVID-19 Response		463,440	-
Ilm-o-Hunar literacy project		431,203	-
Punjab Skills Development Fund		-	26,880
Running cost for school in sindh		481,000	92,133
Fuel cost supported by PWTD		163,727	92,572
Expense as per joint operations agreement		-	1,092,700
		1,539,370	**1,789,088**
14 ADMINISTRATION EXPENDITURES			
Salaries and benefits		1,709,166	1,887,398
Legal and professional charges		80,000	187,000
Utilities		104,732	142,752
Office supplies		263,186	37,360
Repair and maintenance		41,357	133,241
Audit fee		50,000	34,800
Printing and stationery		208,854	96,862
Medical expenses		-	3,240
Travelling and conveyance		159,929	58,259
Communication		32,109	12,895
Office rent		752,000	686,000
Bank charges		3,780	8,321
Miscellaneous		31,433	17,597
Depreciation	3	1,455,073	709,559
		4,891,619	4,015,284

15 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.

16 DATE OF AUTHORIZATION FOR ISSUE 22 DEC 2021

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

Fauzia Mahar

EXECUTIVE COORDINATOR

PRESIDENT

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