INDEPENDENT AUDITOR'S REPORT
To member of **KAUS-E-KAZAH WELFARE ORGANIZATION**

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of ***KAUS-E-KAZAH WELFARE ORGANIZATION*** which comprises of balance sheet of as at June 30, 2024 and related profit and loss account, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2024 and of the profit, its cash flows and changes in equity for the period then ended.

Basis of 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 disclosed in Auditor's Responsibilities for the audit of the Financial Statements section of our report. We were independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the relevant institute (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 audit opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs)' issued by IASB and the requirements of the Companies Act, 2017, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ALI ARSHAD & CO. Cost & Management Accountants

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.
Boards of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes an opinion. Reasonable level of assurance s a high level of assurance, but is not guaranteed that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatement 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud of 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 Company internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw our attention in our auditor's 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 up to the dates of our auditor's report.

ALI ARSHAD & CO.
Cost & Management Accountants

However, future events or conditions may cause the company to cease to continue as 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 presentations.

We communicate with the board of directors, 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.

We also provide board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Based upon our audit, we further report that in our opinion:

a) Proper books of accounts have been kept by the company as required by the companies Act, 2017(XIX of 2017);

b) The balance sheet, profit and loss account, Cash flow statement and statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns and are further in accordance with the accounting policies consistently applied;

c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of the company business; and

d) No zakat was deductible under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

ALI ARSHAD & CO.
Cost and Management Accountants
Ali Arshad-ACMA
ALI ARSHAD & CO. Cost Management Accountants

Date: September 13, 2024
Place: Islamabad

KAUS-E-KAZAH WELFARE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	NOTES	2024 Rupees	2023 Rupees
PROPERTY AND ASSETS			
Property and equipment	3	11,412,638	12,656,767
		11,412,638	**12,656,767**
CURRENT ASSETS			
Receivables - considered doubtful	4	303,000	-
Advances, deposits and prepayments	5	440,399	376,999
Cash and bank balances	6	1,268,827	1,606,301
		2,012,226	**1,983,300**
		13,424,864	**14,640,067**
EQUITY AND LIABILITIES			
Capital Fund	7	10,170,683	11,735,403
Accumulated fund	8	3,165,308	2,829,664
		13,335,990	**14,565,067**
CURRENT LIABILITIES			
Accrued and other liabilities	9	75,000	75,000
Other Accrued Expense	9	1,373	-
Provision for Taxation	9	12,500	-
		88,873	**75,000**
CONTINGENCIES AND COMMITMENT	10		
		13,424,864	**14,640,067**

The annexed notes form an integral part of these accounts.

EXECUTIVE COORDINATOR **PRESIDENT**

KAUS-E-KAZAH WELFARE ORGANIZATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

	NOTES	2024 Rupees	2023 Rupees
Cash flow from operating activities:			
Surplus/(deficit) during the year		335,644	129,568
Adjustments for:			
Depreciation	3	2,401,559	2,273,773
Joint operations Expense		32,392.00	-
Operating profit before changes in working capital		2,769,595	2,403,341
Adjustment for Non Operating Items			
Defferred Grant	7	(1,564,720)	(1,564,720)
Joint operations Expense			
Changes in working capital:			
(Increase) / decrease in current assets			
Advances,deposits and prepayments		(63,400)	(27,547)
Recievables		(303,000)	800,000
Increase / (decrease) in current liabilities			
Repayment of Short Term Loan			
Accrued and other liabilities		13,873	(62,600)
Cash flow from changes in working capital		(352,527)	709,853
Net cash generated from / (used in) Operating activities		**852,348**	**1,548,473**
Cash flow from investing activities:			
Capital expenditure		(1,171,430)	(80,000)
Net cash generated from / (used in) investing activities		**(1,171,430)**	**(80,000)**
Cash flow from financing activities:			
Net cash generated from / (used in) financing activities			
Net increase / (decrease) in cash and cash equivalents during the year		(319,082)	1,468,473
Cash and cash equivalent at the beginning of the year		1,587,909	119,436
Cash and cash equivalent at the end of the year		**1,268,827**	**1,587,909**
Cash in Hand (bal. Fig)		-	-
Cash in bank		1,268,827	1,587,909
Cash and bank balances	6	**1,268,827**	**1,587,909**

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

Kazah Welfare Organization

Fauzia Mogheet

EXECUTIVE COORDINATOR

PRESIDENT

AA&Co.

KAUS-E-KAZAH WELFARE ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2024

	NOTES	2024 Rupees	2023 Rupees
GRANTS AND INCOME			
Reciepts	11	8,709,601	5,176,000
Amortization of Deferred Grant	7	1,564,720	1,564,720
EXPENDITURE			
Project Expense	12	(5,921,179)	466,691
Administration expenditure	13	(4,017,499)	5,337,069
		(9,938,678)	**(6,587,152)**
Taxation			
Surplus/(deficit) for the year transferred to accumulated fund		**335,644**	**936,960**

The annexed notes form an integral part of these accounts.

Fauzia Mogheez
EXECUTIVE COORDINATOR

PRESIDENT

Kaus-e-Kazah Welfare Organization

AH&Co.

KAUS-E-KAZAH WELFARE ORGANIZATION
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Balance as at Jun 30 2023	2,822,272
Surplus/Deficit for the Year	335,644
Balance as at Jun 30 2024	**3,157,916**

The annexed notes form an integral part of these accounts.

Fauzia Mogheer

EXECUTIVE COORDINATOR

PRESIDENT

AA&CO.

Kaus-e-Kazah Welfare Organization

KAUS-E-KAZAH WELFARE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 THE ORGANISATION AND ITS STATUS

Kaus-e-Kazah welfare organiztion is a nonprofit organization under the Voluntary social welfare Agencies 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 changed from Bosan Road Multan to House No. 188, Street No. 7, Phase -II, Gulrez housing scheme, Rawalpindi.

2 ACCOUNTING POLICIES

The significant accounting policies being followed are summarized. below:

2.1 Statement of compliance and significant estimates

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 (SSEs) 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 statement by applying the rate mentioned in the respective note using straights line method so as to write off the cost of operation fixed over their useful live. 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.

Normal repair and maintenance is charged to income statement as and 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 statements 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 such indication that the carrying amount exceeds recoverable amount exists, an impairment loss is recognized in the income statements of the period.

2.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purpose of cash flow statements, cash and cash equivalents comprise 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 "Deffered 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.

2.8 **Joint Operations Expense**

As of 1st July, 2018, Network for Human and Social Development (NHSD) and Kaus-e-Kazah Welfare Organization (KKO) went into a joint Venture Agreement called the Joint Operations Agreement.

Both organizations are related parties to one another and in years prior to 2018, the income volatility of both organizations was severely affected by expenses incurred on behalf of NHSD by KKO or vice versa to the extent that the book value of NHSDs equity became negative, even though it was not bankrupt. Furthermore, even though fully paid, the expense incurred was still showing as a liability in the books of one organization rather than getting written off. Therefore, in order for the books to present a more accurate picture of the economic reality, the board decided that instead of capitalizing liabilities pertaining to expenses between the 2 organizations, these expenses would fall under a joint venture agreement termed the joint operations agreement, whereby all inflows and outflows made by either party (NHSD and KKO) on behalf of the other, would be clubbed and set off against each other and the resulting single value would appear in the books of both organizations. The organization with more inflows from the Joint Operations Agreement will appear as a revenue (Credit line item under the head of "Joint Operations Revenue") in that Organization and higher outflows would be appear as an expense (Debit Line item under the head of "Joint Operations Expense")in the other organization. In case if the useful life of the expense exceeds 1 year, the board of both organizations will decide whether to capitalize or expense the impacts accordingly.

3 Property, plant and equipment

PARTICULARS	COST				DEPRECIATION					WRITTEN DOWN VALUE
	AS ON 01 JULY 23	ADDITIONS	(DELETIONS)	AS ON 30 JUNE 24	RATE %	AS ON 01 JULY 23	ON (DELETIONS)	FOR THE YEAR	AS ON 30 JUNE 24	AS ON 30 JUNE 24
Joint Operations - Purchase of Land for School	-	710,000	-	710,000	10	-		35,500	35,500	674,500
School Building on leasehold land	15,647,203			15,647,203	10	3,911,800		1,564,720	5,476,521	10,170,683
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	541,430	-	4,006,693	20	2,637,899	-	801,339	3,439,238	567,455
2024 Rupees	**22,258,509**	**1,251,430**	-	**23,509,939**	**100**	**9,695,743**	-	**2,401,559**	**12,097,302**	**11,412,638**
2023 Rupees	**22,258,509**	**80,000**	-	**22,338,509**		**7,421,970**	-	**2,273,773**	**9,695,743**	**12,642,767**

Kaus-e Kazah Welfare Organization

KAUS-E-KAZAH WELFARE ORGANIZATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
4 Recievables		
PSDF Enrollment expense	39,000	-
PCP Registration expense	264,000	-
	303,000	-
5 ADVANCES, DEPOSITS AND PREPAYMENTS		
Advance income tax*	360,399	316,999
Prepaid expense (Rent and Salary)	80,000	60,000
	440,399	**376,999**
6 CASH AND BANK BALANCES		
Cash in hand	-	**18,392**
Cash at bank:		
Soneri Bank Limited Current Account *	1,268,827	1,563,350
Askari Bank Limited Current Account	-	24,559
	1,268,827	**1,606,301**
7 Capital Fund - School Building on Leasehold land		
Balance at beginning of the year	11,735,403	13,300,123
Amortization for the year	(1,564,720)	(1,564,720)
Closing balance	**10,170,683**	**11,735,403**

This represents Grant received from the Consulate of Japan with HO in Karachi and treatment in the books will be to hold till project expiry in June 2024. 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. Since the school building is completed the grant is treated as Capital Reserve and the relevant expenditure as deferred revenue Cost. SInce the buiding has been constructed over leasehold land for a period of twenty years. The grant has been transferred to Capital Reserve upon completion of School Building.

	2024	2023
8 ACCUMULATED FUND		
Balance at beginning	2,829,664	2,692,704
Earnings for the year	335,644	136,960
Closing balance	**3,165,308**	**2,829,664**
9 ACCRUED AND OTHER LIABILITIES		
Other Accrued Expense	1,373	-
Provision for Tax	12,500	-
Audit fee payable	75,000	75,000
	88,873	**75,000**

10 CONTINGENT LIABILITIES

Most of the grantor agencies, foreign as well as local, impose restrictions on utilization of funds and any alterations in use of funds without prior approval is disallowed. It is also required that the grantee should maintain all records related to the contract for a minimum period ranging between three to five years.

Such records are subject to audit by grantors or agents appointed by them. Since most of the projects are handed over to third parties after date of completion there is a risk of breach of contract or suspension of activity during warranty period.

However, the contingent liability cannot be determined, at this stage.

11 RECEIPTS

	2024 Rupees	2023 Rupees
Donations		
Donations From Individuals		
-Mian Sami ur Rahman	605,000	-
-Muhammad Abbas	480,000	-
-Farhana Yasin	400,000	-
-Samina Waqar	350,000	-
-Tahira Sajid Islam	235,900	-
-Shehroze Ameen	152,000	-
-Tassadaq Khurshid	76,000	-
-Tariq Tassaduq	67,000	-
Total Donations	**2,365,900**	**2,250,500**
Grants		
Sindh Education Foundation	796,500	825,500
Literacy	848,000	-
Junior Jinnah Trust	-	1,800,000
Punjab Welfare Trust for the disabled	300,000	300,000
Unrealized gains from Joint Ops	60,075	-
Joint Ops Revenue	4,339,126	-
Total Grant Revenues	**6,343,701**	**2,925,500**
Total Reciepts from Grants and Donations	8,709,601	5,176,000
Total Reciepts	**8,709,601**	**5,176,000**

12 PROJECT EXPENDITURE

	2024 Rupees	2023 Rupees
Program Expense		
Sindh Education Foundation Repairs / Uniform expense	166,000	20,000
Japan Embassy Visit & Repair expense	165,000	-
Flood Relief and Food Rations	-	43,660
Ilm o Hunar literacy Project	408,573	20,000
Running cost of Girls Primary School Dadhu (Consulate General Of Japan Grant)	1,326,264	166,000
Fuel Cost borne by PWTD	267,342	115,965
LaCompte Website development chargess	52,000	-
RAC Special Day Event	36,000	-
Expense as Per Joint Ops Agreement	3,500,000	101,066
	5,921,179	**466,691**

13 ADMINISTRATION EXPENDITURE

	2024 Rupees	2023 Rupees
Salaries and Consultancies	746,000	1,401,526
Legal and Professional Fees	120,000	120,000
Utilities charges	38,761	143,912
Office supplies	-	209,579
Income tax paid	43,400	-
Repair and maintenance	-	81,000
Audit fee	75,000	75,000
Printing and stationery	-	232,932
Travelling expenses	-	
Communication expenses	29,780	27,500
Office rent	562,500	779,675
Bank charges	499	5,452
Miscellaneous	-	720
Doubtful Debts Written Off	-	-
Depreciation	2,401,559	2,259,773
	4,017,499	**5,337,069**

14 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.

15 Date of Authorization For Issue

The financial statements were authorized issued on August 21, 2024 by the management commitee

16 **Presentation Currency**

The Financial Statements have been presented in Pak Rupees, which is the NGO's presentation and functional Currency.

Figures are rounded of to the nearest Rupee. The corresponding figures are rearranged/reclassified for the purpose of comparison in the financial statements.

Appropriate disclosures are given in relevant notes in case of material rearrangement.