



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

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Independent Auditor's Report to the Management Committee

Opinion

We have audited the financial statements of "NISHAT WELFARE ORGANIZATION (the agency)" for the period from July 01, 2018 to June 30, 2019 which comprises the statement of financial position and the statement of income and expenditure, the statement of cash flows, the statement of changes in funds for the period then ended, together with notes including a summary of significant accounting policies (here-in-after referred to as the financial statements).

In our opinion, the accompanying financial statements of the agency are prepared, in all respects, in accordance with 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our audit report. We are independent of the agency in accordance with the International Ethic 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 is responsible for the preparation of the financial statements in accordance with note 2 to the financial statements, and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters relating 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 agency's financial reporting process.

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Auditor's 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 auditor's 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 statement.

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 statement, 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 of 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 controls.
- 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 the management.
- Conclude on the appropriateness of management 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 misstatement exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement 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 auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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.

Date: 12 AUG 2019

Place: Islamabad


Nasir Javaid Maqsood Imran


Chartered Accountants


Imran ul Haq FCA



**NISHAT WELFARE ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	Note	2019 (Rupees)	Restated 2018 (Rupees)
NON-CURRENT ASSETS			
Property and equipment	4	798,761	1,066,244
CURRENT ASSETS			
Advance and other receivable	5	457,075	398,780
Cash and bank balances	6	1,540	1,689
		458,615	400,469
TOTAL ASSETS		1,257,376	1,466,713
FUND AND LIABILITIES			
FUNDS			
Accumulated surplus		817,706	925,891
NON CURRENT LIABILITIES			
Deferred Credit	7	-	1,743
CURRENT LIABILITIES			
Short term loan	8	-	70,000
Accrued and other liabilities	9	439,670	469,079
		439,670	539,079
TOTAL FUND AND LIABILITIES		1,257,376	1,466,713

The annexed notes 1 to 14 form an integral part of these financial statements.


PRESIDENT
Nishat Welfare Organization
Hyderabad, Sindh, Pakistan

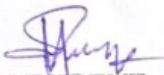




FINANCE SECRETARY
Nishat Welfare Organization
Hyderabad, Sindh, Pakistan.


NISHAT WELFARE ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	Restated 2018 (Rupees)
Income			
Restricted grant	10	3,771,894	2,277,670
Unrestricted grant		66,155	5,960
Contribution from members		194,885	107,620
Amortization of deferred credit		1,743	872
		<u>4,034,677</u>	<u>2,392,122</u>
Program expenses	11	3,771,894	2,277,670
Administrative expenses	12	370,968	238,327
		<u>4,142,862</u>	<u>2,515,997</u>
Deficit for the year		<u>(108,185)</u>	<u>(123,875)</u>

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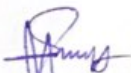



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Hyderabad, Sindh, Pakistan.


NISHAT WELFARE ORGANIZATION
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	Restated 2018 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(108,185)	(123,875)
Adjustments for:			
Depreciation		297,483	224,817
Amortization of deferred credit		(1,743)	(872)
		<u>187,555</u>	<u>100,070</u>
Working capital changes			
(Increase)/decrease in current assets			
Advance and other receivable		(58,295)	(303,780)
Increase/(decrease) in current liabilities			
Short term loan		(70,000)	(25,000)
Accrued and other liabilities		(29,409)	469,079
		<u>(99,409)</u>	<u>444,079</u>
Cash Generated from Operations		<u>29,851</u>	<u>240,369</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>29,851</u>	<u>240,369</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(30,000)	(245,400)
NET CASH USED IN INVESTING ACTIVITIES		<u>(30,000)</u>	<u>(245,400)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT		<u>(149)</u>	<u>(5,031)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>1,689</u>	<u>6,720</u>
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	5	<u>1,540</u>	<u>1,689</u>

The annexed notes 1 to 14 form an integral part of these financial statements.


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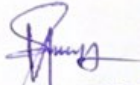



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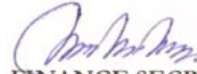
NISHAT WELFARE ORGANIZATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Particulars	Accumulated surplus	Fund	Total
----- Rupees -----'			
Balance as at June 30, 2017	1,049,766	-	1,049,766
Deficit for the year ended June 30, 2018 - Restated	(123,875)	-	(123,875)
Balance as at June 30, 2018 - Restated	<u>925,891</u>	<u>-</u>	<u>925,891</u>
Surplus for the year ended June 30, 2019	(108,185)	-	(108,185)
Balance as at June 30, 2019	<u>817,706</u>	<u>-</u>	<u>817,706</u>

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


PRESIDENT
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Hyderabad, Sindh, Pakistan




FINANCE SECRETARY
Nishat Welfare Organization
Hyderabad, Sindh, Pakistan.

NISHAT WELFARE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF ACTIVITIES

The Nishat Welfare Organization (NWO) has been registered in District Hyderabad (Pakistan) under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961, on 18th July 2007 vide registration number DO-SW, CDD(H)/VA-794. The NWO is non-political, non-sectarian voluntary welfare organization with following objectives:

- (a.) to address social, cultural and economic problems of the communities to contribute towards national development.
- (b.) to facilitate provision of basic civic amenities, such as micro financing, education, health, environment, agriculture, communication, employment, water supply and sanitation, etc.
- (c.) to alleviate poverty with emphasis upon uplift of socioeconomic condition of women, children and helpless poor persons. Also providing legal support to them in every walk of life.
- (d.) to strengthen and enhance the capacity and efficiency of the existing institutions (public and private) by developing sense of self-help and collaboration to improve the quality of life in general.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. These standards comprise of the Revised Accounting and Financial Reporting Standard for small Sized Entities issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Association's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupee unless otherwise stated.

2.4 Key judgments and estimates

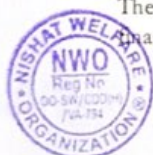
The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Association's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property and equipment – Note 3.1 & 4.

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.



A handwritten signature in black ink, appearing to be "M. Nishat", written over the text of the financial statements.

**NISHAT WELFARE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

3.1 Property and equipment

Initial recognition

All items of property and equipment are initially recorded at cost.

Subsequent measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment loss (if any).

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight method at rates specified in note 4 to the financial statements.

Disposal

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the statement of income and expenditure.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Income recognition

- a) Donation/contribution is recorded on receipts basis
- b) Other revenue if any is recorded on accrual basis
- c) Restricted grants received for specific purpose are deferred when received or receivable on the basis of contract and are recognized as income to the extent of actual allowable expenditure incurred.
- d) Un-restricted grants received are recognized on receipts basis.

3.3 Trade and other payables

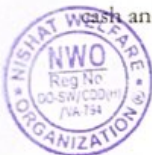
Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.4 Income tax

Agency is subject to 100% tax credit u/s 100C of the Income Tax Ordinance, 2001.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current account.



NISHAT WELFARE ORGANIZATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

4 Property and equipment

	Office Building	Furniture and Fixture	Office Equipment	Total
As at 30 June 2017				
Cost	777,913	459,580	1,288,410	2,525,903
Accumulated depreciation	(133,254)	(255,947)	(1,091,041)	(1,480,242)
Net book value	<u>644,659</u>	<u>203,633</u>	<u>197,369</u>	<u>1,045,661</u>
Year ended 30 June 2018				
Opening net book value	644,659	203,633	197,369	1,045,661
Additions during the year	-	-	245,400	245,400
Depreciation charge	(35,006)	(82,724)	(107,087)	(224,817)
Closing net book value	<u>609,653</u>	<u>120,909</u>	<u>335,682</u>	<u>1,066,244</u>
At 30 June 2018				
Cost	777,913	459,580	1,533,810	2,771,303
Accumulated depreciation	(168,260)	(338,671)	(1,198,128)	(1,705,059)
Net book value	<u>609,653</u>	<u>120,909</u>	<u>335,682</u>	<u>1,066,244</u>
Year ended 30 June 2019				
Opening net book value	609,653	120,909	335,682	1,066,244
Additions during the year	-	30,000	-	30,000
Depreciation charge	(35,006)	(63,982)	(198,495)	(297,483)
Closing net book value	<u>574,647</u>	<u>86,927</u>	<u>137,187</u>	<u>798,761</u>
At 30 June 2019				
Cost	777,913	489,580	1,533,810	2,801,303
Accumulated depreciation	(203,266)	(402,653)	(1,396,623)	(2,002,542)
Net book value	<u>574,647</u>	<u>86,927</u>	<u>137,187</u>	<u>798,761</u>
Rate of Depreciation	5%	20%	30%	

4.1 Office equipment costing Rs.1,178,410/- and Furniture and fixture costing Rs.220,105 have been fully depreciated as at June 30, 2019 and are still in the use of the agency.



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NISHAT WELFARE ORGANIZATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	Restated 2018 (Rupees)
5 ADVANCE AND OTHER RECEIVABLE			
Advance to staff for expenses		-	39,400
Receivable from TDEA		387,075	359,380
Receivable from Centre for Peace and Development Initiatives		70,000	-
		<u>457,075</u>	<u>398,780</u>
6 CASH AND BANK BALANCE			
Cash in hand		65	-
Cash at bank-current accounts		1,475	1,689
		<u>1,540</u>	<u>1,689</u>
7 DEFERRED CREDIT			
Balance at the beginning of the year		1,743	2,615
Addition during the year		(1,743)	(872)
		<u>-</u>	<u>1,743</u>
Donated assets are recorded at the fair value by crediting the deferred credit account. Deferred credit balance is amortized to the income and expenditure statement on the useful life of the related asset.			
8 SHORT TERM LOAN			
Loan from President		-	70,000
		<u>-</u>	<u>70,000</u>
This amount had been received from President to meet the liquidity requirement. It is interest fee.			
9 ACCRUED AND OTHER LIABILITIES			
Salaries payable		252,000	166,000
Other payables		147,670	303,079
Audit fee payable		40,000	-
		<u>439,670</u>	<u>469,079</u>
10 RESTRICTED GRANT			
Grant from TDEA - TDEA/UNDP-WNVRC/59/2017		1,836,817	2,065,980
Grant from TDEA - TDEA/UNDP-WNVRC/18/2019		1,632,677	-
Grant from Centre for Peace and Development Initiatives		302,400	211,690
		<u>3,771,894</u>	<u>2,277,670</u>
11 PROGRAM EXPENSES			
SELP Project No.TDEA/UNDP-WNVRC/59/2017	11.1	1,836,817	2,065,980
SELP Project No.TDEA/UNDP-WNVRC/18/2019	11.2	1,632,677	-
Democratic Local Governance for Development in Pakistan	11.3	302,400	211,690
		<u>3,771,894</u>	<u>2,277,670</u>



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NISHAT WELFARE ORGANIZATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

	2019	Restated 2018
Note	(Rupees)	(Rupees)
11.1 SELP Project No. TDEA/UNDP-WNVRC/18/2019		
Personnel cost	969,000	863,067
Travel cost	103,325	110,140
Communication cost	30,600	30,150
Supplies and equipment (expendable supplies)	106,882	106,882
Field level program activities	423,430	687,612
Orientation and Training of Partner Organizations	-	40,950
Operation focused trainings	-	48,526
Program focused trainings	-	98,947
Administrative overheads	203,580	79,706
	<u>1,836,817</u>	<u>2,065,980</u>
11.2 SELP Project No. TDEA/UNDP-WNVRC/18/2019		
Personnel, travel and communication cost	883,380	-
Supplies cost	75,812	-
Field level program activities cost	259,450	-
Orientation and training cost	237,200	-
Administrative cost	176,835	-
	<u>1,632,677</u>	<u>-</u>
11.3 DLGDP Project		
Salaries	302,400	184,800
Travel expense	-	14,350
Entertainment / supplies expense	-	12,540
	<u>302,400</u>	<u>211,690</u>
12 ADMINISTRATIVE EXPENSES		
Stationary expense	8,357	8,598
Communication cost	4,255	-
Audit fee	40,000	-
Bank charges	20,873	4,912
Depreciation expense	297,483	224,817
	<u>370,968</u>	<u>238,327</u>



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**NISHAT WELFARE ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

13 RESTATEMENT DUE TO ACCOUNTING ERROR

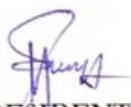
During the last year some expenses were not booked as accruals despite of their occurrence. That accounting error has now been rectified and accounts of 2018 have been adjusted and restated with the following impacts:

	Note	2018 (Rupees)
Impact on Statement of Financial Position		
Increase in receivable from TDEA	5	359,380
Increase in Salaries payable	9	166,000
Increase in Other payables	9	303,079
Decrease in Accumulated surplus		(109,699)
Impact on Statement of Income and Expenditure		
Increase in Grant from TDEA	10	359,380
Decrease in Grant from Centre for Peace and Development Initiatives	10	(5,960)
Decrease in Unrestricted grant		5,960
Increase in Personnel cost	11.1	166,000
Increase in Travel cost	11.1	17,880
Increase in Field level program activities	11.1	212,330
Increase in Administrative overheads	11.1	72,869

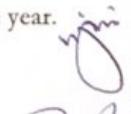
14 GENERAL

Figures have been rounded off to nearest Pak Rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However there were no significant reclassification during the year.


PRESIDENT
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