

**ASSOCIATION FOR WATER APPLIED
EDUCATION & RENEWABLE ENERGY**

FOR THE YEAR ENDED DECEMBER 31, 2021

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF ASSOCIATION FOR WATER
APPLIED EDUCATION & RENEWABLE ENERGY**

Opinion

We have audited the financial statements of ASSOCIATION FOR WATER APPLIED EDUCATION & RENEWABLE ENERGY (the Association), which comprise the balance sheet as at December 31, 2021 and the related statement of financial activities, statement of cash flows and statement of changes in funds 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 balance sheet of the Association as at December 31, 2021, and its financial activities for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

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 report. We are independent of the Association 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 Board Members are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Association determines 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 Board Members are responsible for assessing the Association'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 Board Members either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do.

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

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 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw 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 obtained up to the date of our auditor's report. However, future events or conditions may cause the Association 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.



Chartered Accountants

Engagement Partner:

Ahmed Saif-uz-Zafar

Date: July 22, 2022

Place: Karachi

**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)
BALANCE SHEET
AS AT DECEMBER 31, 2021**

	Note	2021 ----Rupees----	2020
NON-CURRENT ASSETS			
Operating fixed assets	4	36,716,199	40,094,042
CURRENT ASSETS			
Advance, prepayments and other receivables	5	1,050,000	-
Cash and bank balances	6	25,178,740	13,300,261
		26,228,740	13,300,261
TOTAL ASSETS		62,944,939	53,394,303
NON-CURRENT LIABILITIES			
Deferred capital grant	7	36,514,897	40,373,656
CURRENT LIABILITIES			
Trade and other liabilities	8	1,168,910	244,088
FUND			
Accumulated surplus	9	7,306,722	6,365,403
Fund balances as per statement of changes in funds		17,954,410	6,411,156
		25,261,132	12,776,559
TOTAL FUNDS AND LIABILITIES		62,944,939	53,394,303
CONTINGENCIES AND COMMITMENTS	10		

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


EXECUTIVE DIRECTOR


FINANCE SECRETARY

**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Note	2021 ----Rupees----	2020
REVENUE			
Income released from grant funded projects		58,260,926	64,726,985
Donation		-	125,000
Membership fee		50,000	655,988
Grant share for operating costs		4,417,461	3,309,071
Residual income		378,957	441,605
Released from deferred capital grant	7	3,321,136	3,881,978
		66,428,480	73,140,627
Other income	11	18,373	321,156
		<u>66,446,853</u>	<u>73,461,783</u>
EXPENSES			
Expenditure on account of grant funded projects	12	58,260,926	64,726,985
General program activities		1,047,833	166,900
Operations and administration expenses	13	6,196,775	7,132,328
		65,505,534	72,026,213
Surplus for the year		<u>941,319</u>	<u>1,435,570</u>

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


EXECUTIVE DIRECTOR


FINANCE SECRETARY

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**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Note	2021	2020
		----Rupees----	
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		941,319	1,435,570
Adjustments for non-cash expenses and other items:			
Depreciation		3,313,925	3,927,799
Profit on disposal of operating fixed asset		-	(293,994)
Operating assets written off		63,918	-
Residual income		(378,957)	(441,605)
Income released from grant funded projects		(58,260,926)	(65,755,043)
WDV of asset sold in previous years		(537,623)	-
Deferred capital grant recognized		(3,321,136)	(3,881,978)
		(59,120,799)	(66,444,821)
Working capital changes			
(Increase) / decrease in advance, prepayments and other receivables		(1,050,000)	4,000
Increase / (decrease) in trade and other liabilities		924,822	(158,987)
		(125,178)	(154,987)
Funds received on account of grant funded projects		74,746,675	65,889,189
Funds returned to donors		(4,563,538)	(344,062)
		70,183,137	65,545,127
Net cash generated from operating activities		11,878,479	380,889
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds received from disposal of operating fixed assets		-	1,700,994
Net cash generated from investing activities		-	1,700,994
Net increase in cash and cash equivalents		11,878,479	2,081,883
Cash and cash equivalents at the beginning of the year		13,300,261	11,218,378
Cash and cash equivalents at the end of the year		25,178,740	13,300,261

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

EXECUTIVE DIRECTOR

FINANCE SECRETARY

**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)**

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

A M O U N T I N R U P E E S								
P R O J E C T S	FUNDS AVAILABLE			FUNDS UTILIZED			Residual income	Closing balance
	Opening Balance	Funds received during the year	Total funds available	For revenue expense	Return to donors / transfer to other project	Total funds utilized		
Muslim charity	736,768	3,333,732	4,070,500	3,978,600	-	3,978,600	91,900	-
UEP	(386,320)	1,505,144	1,118,824	1,118,824	-	1,118,824	-	-
IEE	-	752,775	752,775	752,775	-	752,775	-	-
OXFAM SPP - 2019 project	1,602,115	-	1,602,115	-	1,600,000	1,600,000	2,115	-
TDH BMZ Germany - 2018	15,086	-	15,086	-	-	-	15,086	-
TDH BMZ Germany - 2019	79,320	-	79,320	-	-	-	79,320	-
TDH BMZ Germany - 2020	245,820	-	245,820	-	-	-	245,820	-
TDH BMZ Germany - 20-23	7,380,195	49,963,838	57,344,033	39,174,701	-	39,174,701	-	18,169,332
Sindh Education Foundation	(851,175)	-	(851,175)	219,479	-	219,479	-	(1,070,654)
Pakistan Humanitarian Pooled Fund - Chachro	2,908,254	-	2,908,254	-	2,963,538	2,963,538	(55,284)	-
Pakistan Humanitarian Pooled Fund - Samaro	(2,894,697)	15,900,478	13,005,781	12,459,844	-	12,459,844	-	545,937
SWERA	-	1,246,377	1,246,377	556,703	-	556,703	-	689,674
Ab-e-Umair Foundation	(2,424,210)	2,044,331	(379,879)	-	-	-	-	(379,879)
December 31, 2021	6,411,156	74,746,675	81,157,831	58,260,926	4,563,538	62,824,464	378,957	17,954,410
December 31, 2020	7,062,677	65,889,189	72,951,866	65,755,043	344,062	66,099,105	441,605	6,411,156

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

EXECUTIVE DIRECTOR

FINANCE SECRETARY

**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

1 STATUS AND ACTIVITIES

Association for Water Applied Education & Renewable Energy "AWARE" (Association) is registered under the Societies Registration Act. 1860.

The registered office of the Association is situated at Rohal Wai Road near Pakistan Chowk, Umerkot, Tehsil & district Umerkot, Sindh Pakistan. The main objectives of the Association are to provide the people organizational, institutional, technical and infrastructure training and to establish research center for the use of renewable energy resources for sustainable development.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

Statement of compliance

2.1.1 The financial statements have been prepared under the historical cost.

2.1.2 The financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- Revised Accounting and Financial Reporting Standard for Small-sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017.

2.1.3 These financial statements are presented in Pakistan Rupees, which is Association's functional currency.

2.2 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to statement of financial activities using the reducing balance method at the rates specified in note 3. Depreciation on additions during the year is charged from the month of addition when the asset is available for use, whereas, no depreciation is charged in the month of disposal.

2.3 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flow comprise of cash in hand and balances with banks in current and saving accounts.

2.4 Trade and other payables

Trade and other payables are recognized initially at fair value of the consideration to be paid in the future for goods and services received, and are classified as current liabilities if payment is due within one year or less.

2.5 Provisions

Provisions are recognized when the Association has a present (legal or constructive) obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and accordingly adjusted to reflect current best estimates.

2.6 Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial activities.

2.7 Grants for funded projects

Grants for funded projects are considered restricted with separate accounting records being maintained for each fund and accounted for on deferral method. Grants restricted for capital expenditure are recognized as 'deferred capital grant' when received.

2.8 Income / Grant recognition

Income is recognized to the extent it is possible that the economic benefits will flow to the Association and income can be measured reliably. Income is measured at fair value of consideration received or receivable and is recognized on the following basis:

- Donation, membership fee and profit on bank accounts are recognized on receipt basis.
- Income in respect of Grant Funded Projects is recognized as and when the related expenses are incurred for these projects, and equivalent amount is transferred from fund balance to the statement of financial activities.
- Deferred capital grant is utilized for capital expenditure and transferred to deferred capital grant and amortized as income over the useful life of the respective asset.
- Management share and management charge for Grant Funded Projects are recognized as income as per the donor agreements.

2.9 Taxation

The Association has non-profit organization status under section 2 (36) of the Income Tax Ordinance, 2001, therefore the receipts of the Association are exempt from tax. Consequently, no provision for taxation has been made in these financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Association's accounting policies.

The areas involving significant estimates or judgements are:

- i. Useful lives and residual values of operating fixed assets - note 4

**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

4. OPERATING FIXED ASSETS

PARTICULARS	WDV As at Jan 01, 2021	Additions / (Disposal) during the year	Written off during the year	Total	Depreciation for the year	WDV as at Dec 31, 2021	Rate %
.....Rupees.....							
Owned assets							
Furniture and Fixture	131,965	-	-	131,965	19,795	112,170	15%
Camera	58,120	-	-	58,120	8,718	49,402	15%
Machine	1,153	-	(1,153)	-	-	-	30%
Multimedia	13,756	-	-	13,756	2,063	11,693	15%
Scanner	286	-	(286)	-	-	-	15%
Generator	27,532	-	-	27,532	4,130	23,402	15%
Refrigerator	5,453	-	-	5,453	818	4,635	15%
Photostate Machine	19,744	-	(19,744)	-	-	-	15%
	258,009	-	(21,183)	236,826	35,524	201,302	
Funded Assets							
Plots	18,168,156	-	-	18,168,156	-	18,168,156	-
Building	16,777,275	-	-	16,777,275	2,516,591	14,260,684	15%
Furniture and Fixture	3,372,442	-	-	3,372,442	505,866	2,866,576	15%
Photocopier machine	71,966	-	-	71,966	10,795	61,171	15%
Fax machine	1,823	-	(1,823)	-	-	-	15%
Honda generator	9,789	-	(9,789)	-	-	-	15%
Handy camera	9,907	-	(9,907)	-	-	-	15%
Digital camera	201,685	-	-	201,685	30,253	171,432	15%
Laptops	151,456	-	-	151,456	45,437	106,019	30%
Scanner	129	-	(129)	-	-	-	30%
Printers	21,332	-	-	21,332	6,400	14,932	30%
Multimedia	21,087	-	(21,087)	-	-	-	15%
Computer	24,457	-	-	24,457	7,337	17,120	30%
IT Equipment	16,306	-	-	16,306	4,892	11,414	30%
Office equipment	17,311	-	-	17,311	5,193	12,118	30%
Mobile R.O Plant	776,495	-	-	776,495	116,474	660,021	15%
Mobile phones	49,917	-	-	49,917	7,488	42,429	15%
Solar fixture on RO Plant	144,500	-	-	144,500	21,675	122,825	15%
	39,836,033	-	(42,735)	39,793,298	3,278,401	36,514,897	
Dec 31, 2021	40,094,042	-	(63,918)	40,030,124	3,313,925	36,716,199	
Dec 31, 2020	45,428,841	(1,407,000)	-	44,021,841	3,927,799	40,094,042	

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**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Note	2021	2020
		----Rupees----	
5 ADVANCE, PREPAYMENTS AND OTHER RECEIVABLES			
Receivable from employees		1,050,000	-
		<u>1,050,000</u>	<u>-</u>
6 CASH AND BANK BALANCES			
Cash in hand		25,000	50,000
Cash at banks		25,153,740	13,250,261
		<u>25,178,740</u>	<u>13,300,261</u>
7 DEFERRED CAPITAL GRANT			
Balance at beginning of year		40,373,656	44,255,634
Released to income to extent of depreciation		(3,278,401)	(3,881,978)
Released to income against assets written off		(42,735)	-
WDV of asset sold in previous years		(537,623)	-
		<u>36,514,897</u>	<u>40,373,656</u>
8 TRADE AND OTHER LIABILITIES			
Creditors		300,000	80,720
Accrued liabilities	8.1	868,910	151,200
Withholding tax payable		-	12,168
		<u>1,168,910</u>	<u>244,088</u>
8.1 Accrued liabilities			
Staff benefits payable		717,710	-
Audit fee payable		151,200	151,200
		<u>868,910</u>	<u>151,200</u>
9 ACCUMULATED SURPLUS			
Opening balance		6,365,403	4,929,833
Surplus for the year		941,319	1,435,570
Closing balance		<u>7,306,722</u>	<u>6,365,403</u>

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on the balance sheet date.

	Note	2021	2020
		----Rupees----	
11 OTHER INCOME			
Income from tender		12,900	22,000
Profit on bank accounts		5,473	5,162
Profit on auction		-	293,994
		<u>18,373</u>	<u>321,156</u>

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**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Note	2021 ----Rupees----	2020
12 EXPENDITURE ON ACCOUNT OF GRANT FUNDED PROJECTS			
Pakistan Humanitarian Pooled Fund - Chachro		-	18,119,391
Pakistan Humanitarian Pooled Fund - Samaro	12.1	12,459,844	26,537,109
TDH BMZ Germany - 2019		-	2,167
TDH BMZ Germany - 2020		-	3,296,380
TDH BMZ Germany - 20-23	12.2	39,174,701	1,211,920
SWERA		556,703	-
UEP		1,118,824	4,155,000
Muslim charity		3,978,600	3,009,300
IEE		752,775	-
Sindh Education Foundation		219,479	455,557
OXFAM SPP		-	617,322
Food & Agriculture Organization (UNO)		-	2,987,466
Penny appeal expenses		-	97,871
Ab-e-Umair Foundation		-	4,237,502
		<u>58,260,926</u>	<u>64,726,985</u>
12.1 Pakistan Humanitarian Pooled Fund - Samaro			
Staff cost		166,500	2,149,001
Office cost		2,695,971	351,883
Program cost		9,597,373	24,036,225
		<u>12,459,844</u>	<u>26,537,109</u>
12.2 TDH BMZ Germany - 20-23			
Staff cost		8,851,862	814,000
Office cost		420,000	105,000
Program cost		29,902,839	292,920
		<u>39,174,701</u>	<u>1,211,920</u>
13 OPERATIONS AND ADMINISTRATION EXPENSES			
Salaries, wages and other benefits		2,636,049	2,654,260
Bank charges		2,568	6,128
Audit fee		151,200	151,200
Office rent		-	154,259
Staff meeting		12,475	68,100
Repair & maintenance		-	20,245
Utilities		-	93,176
Miscellaneous expense		16,640	57,161
Depreciation		3,313,925	3,927,799
Operating assets written off during the year		63,918	-
		<u>6,196,775</u>	<u>7,132,328</u>

**ASSOCIATION FOR WATER, APPLIED
EDUCATION AND RENEWABLE ENERGY (AWARE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

14 REMUNERATION OF CHIEF EXECUTIVE

The aggregate amount charged in the financial statements in respect of remuneration of the Chief Executive is as follows:

	Note	2021 ----Rupees----
Management remuneration	<u>1,800,000</u>	<u>1,800,000</u>
	<u>1,800,000</u>	<u>1,800,000</u>

15 DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These consolidated financial statements have been authorized on _____ by the Board
Members of Association for Water Applied Education & Renewable Energy.


EXECUTIVE DIRECTOR
FINANCE SECRETARY