

**M/S AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
(AOCS)**



**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**BAKER TILLY MEHMOOD IDREES QAMAR & Co.**

**Chartered Accountants**

**House # 141, Street Khana-e- Noor High School near Istadgah-  
e- Akher Kabul University, Kabul.**

**Ph.: +93-202-503367, 799-543-365 Email: [bt Kabul@gmail.com](mailto:bt Kabul@gmail.com)**

**info@btafg.com.web:www.btafg.com**



**BAKER TILLY  
MEHMOOD IDREES  
QAMAR**

CHARTERED ACCOUNTANTS

Noor High School Near Istadgah-e-Akher  
Kabul University, Kabul.

Office Tel: +93-799-543365, 787-098321

Email: btkabul@gmail.com

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS**

We have audited the annexed financial statements of **Afghanistan Organization for Civil Society** ("NGO") which comprises the statement of financial position as at December 31, 2016, and statement of Income and expenditure, statement of cash flow and statement of changes in net assets, for the year then ended, and a summary of significant accounting policies and other explanatory notes (here-in-after referred to as the financial statements").

Management of the organization is responsible for the preparation and fair presentation of these financial statements in conformity with the approved accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Afghanistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Afghanistan Organization for Civil Society as at December 31, 2016, and its financial performance, its cash flow and its changes in net assets for the year then ended, in accordance with International Financial Reporting Standards.

*Baker Tilly Mahmood Idrees Qamar*  
Chartered Accountants

**Engagement Partner**

**Muhammad Abdur Rub Khan, FCA**

**Kabul**

**Date: May 06, 2017**



**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31 , 2016**

|   | Note | <u>2016</u><br>USD    | <u>2015</u><br>USD  |
|---|------|-----------------------|---------------------|
| <b>ASSETS</b>                           |      |                       |                     |
| <b>NON CURRENT ASSETS</b>               |      |                       |                     |
| Property, plant and equipment           | 4    | <u>51,354</u>         | -                   |
|   |      | <u>51,354</u>         | -                   |
| <b>CURRENT ASSETS</b>                   |      |                       |                     |
| Advances and Prepayments                | 6    | 18,294                | -                   |
| Cash and cash equivalents               | 5    | <u>74,386</u>         | 1,152               |
|   |      | <u>92,680</u>         | 1,152               |
| <b>TOTAL ASSETS</b>                     |      | <u><u>144,034</u></u> | <u><u>1,152</u></u> |
| <b>NET ASSETS AND LIABILITIES</b>       |      |                       |                     |
| <b>NET ASSETS</b>                       |      |                       |                     |
| Capital Fund                            |      | <u>11,774</u>         | 497                 |
|   |      | <u>11,774</u>         | 497                 |
| <b>NON CURRENT LIABILITIES</b>          |      |                       |                     |
| Deferred Capital Grant                  |      | 51,354                | -                   |
| <b>CURRENT LIABILITIES</b>              |      |                       |                     |
| Accrued and other liabilities           | 7    | 78,864                | 655                 |
| Deferred Income                         | 8    | <u>2,042</u>          | -                   |
|   |      | <u>80,906</u>         | 655                 |
| <b>TOTAL NET ASSETS AND LIABILITIES</b> |      | <u><u>144,034</u></u> | <u><u>1,152</u></u> |

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The annexed notes 1 to 19 form in integral part of these financial statements



FINANCE MANAGER



EXECUTIVE DIRECTOR

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                             | Note | <u>2016</u><br>USD   | <u>2015</u><br>USD |
|-----------------------------|------|----------------------|--------------------|
| <b>INCOME</b>               |      |                      |                    |
| Grant Income                | 9    | 919,376              | 6,385              |
| Other Income                | 10   | 20,951               | -                  |
|                             |      | <u>940,327</u>       | <u>6,385</u>       |
| <b>EXPENDITURE</b>          |      |                      |                    |
| Personnel Cost              | 11   | 478,385              | -                  |
| Fringe Benefits             | 12   | 85,017               | -                  |
| Travel Cost                 | 13   | 15,487               | -                  |
| Contractual Cost            | 14   | 105,397              | -                  |
| Program Cost                | 15   | 102,235              | -                  |
| Operation Cost              | 16   | 121,468              | -                  |
| Setup cost                  | 17   | 19,826               | -                  |
| Foreign Exchange loss       |      | 1,236                | -                  |
| Other Expenses              |      | -                    | 5,888              |
|                             |      | <u>929,050</u>       | <u>5,888</u>       |
| <b>Surplus for the year</b> |      | <u><u>11,277</u></u> | <u><u>497</u></u>  |

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The annexed notes 1 to 19 form in integral part of these financial statements

  
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FINANCE MANGER

  
\_\_\_\_\_  
EXECUTIVE DIRECTOR

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|   | Note | 2016<br>USD   | 2015<br>USD  |
|---|------|---------------|--------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                |      |               |              |
| Surplus for the year                                      |      | 11,277        | 497          |
| <b>Adjustments for:</b>                                   |      |               |              |
| Depreciation  |      | 12,838        | -            |
| Interest received from bank deposit                       |      | (346)         | -            |
| Amortization of deferred capital Grant                    | 4    | (12,838)      | -            |
|   |      | <u>10,932</u> | <u>497</u>   |
| <b>Operating profit before working capital changes</b>    |      |               |              |
| (Increase) in advances and prepayments                    |      | (18,294)      | -            |
| Increase in accrued Expenses                              |      | 78,209        | 655          |
| Increase in deferred Income                               |      | 2,042         | -            |
|   |      | <u>61,958</u> | <u>655</u>   |
| <b>Net Cash generated from operating activities</b>       |      | <u>72,889</u> | <u>1,152</u> |
| <b>Cash Flow from Investing Activities</b>                |      |               |              |
| Interest received from bank deposit                       |      | 346           | -            |
|   |      | <u>346</u>    | <u>-</u>     |
| <b>Net Cash from investing activities</b>                 |      | <u>346</u>    | <u>-</u>     |
| <b>Cash Flow from financing activities:</b>               |      |               |              |
|   |      | <u>-</u>      | <u>-</u>     |
| Net cash used in financing activities                     |      | <u>-</u>      | <u>-</u>     |
|   |      | <u>-</u>      | <u>-</u>     |
| <b>Net increase in cash and cash equivalents</b>          |      | <u>73,235</u> | <u>1,152</u> |
| <b>Cash and cash equivalents at beginning of the year</b> |      | 1,152         | -            |
| <b>Cash and cash equivalents at the end of the year</b>   | 5    | <u>74,386</u> | <u>1,152</u> |

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The annexed notes 1 to 19 form in integral part of these financial statements

  


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**FINANCE MANGER**

  


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**EXECUTIVE DIRECTOR**

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|                                      | Retained<br>Surplus | Total<br>Capital Fund |
|--------------------------------------|---------------------|-----------------------|
|                                      | -----USD-----       |                       |
| <b>Balance at January 01, 2015</b>   |                     | -                     |
| Surplus for the year                 | 497                 | 497                   |
| <b>Balance at December 31, 2015</b>  | 497                 | 497                   |
| <b>Balance at January 01, 2016</b>   | 497                 | 497                   |
| Surplus for the year                 | 11,277              | 11,277                |
| <b>Balance at December 31, 2016,</b> | 11,774              | 11,774                |

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The annexed notes 1 to 19 form in integral part of these financial statements

  
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 FINANCE MANAGER

  
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 EXECUTIVE DIRECTOR

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**1 STATUS AND NATURE OF BUSINESS**

Afghanistan Organization for Civil Society (AOCS) is an independent, non-for-profit, non-political public welfare organization. AOCS aim to raise the credibility of the civil society sector by certifying local CSOs using locally defined and internationally recognized standards, systemize capacity building efforts by coordinating initiatives using measurable performance indicators, strengthen the role of civil society in Afghanistan's development through policy dialogue and active engagement with the government, donors and the broader development sector and to provide a channel for resources for civil society by strengthening philanthropic and corporate social responsibility efforts. AOCS is Registered with Ministry of Economy as Non Governmental Organization under license number 3306 and has registered office at Kolula pushta road near Kristal furniture, Radio kaleed old office street, House# 40 Kabul Afghanistan

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards.

**2.2 Basis of measurement**

The accompanying financial statements have been prepared on accrual basis and in accordance with the reporting principles of non-for-profit accounting.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies applied for the period presented, unless otherwise stated.

**3.1 Property, plant and equipment**

Fixed assets are charged to donor as expense in the year of purchase except the fixed assets in kind. However, a memorandum record is being maintained for the management purpose.

**3.2 Depreciation**

Depreciation is recognized in profit or loss and calculated to write off the cost of the property, plant and equipment which include the assets in kind on a Straight line basis over the expected useful lives of the assets concerned, . The estimated useful lives for the current and comparative periods are as follows: -

|                   |     |
|-------------------|-----|
| Office Equipment: | 20% |
| Vehicle:          | 20% |

Management review the depreciation methods, residual value and useful life of an asset at the year end and any change considered to be appropriate in accounting estimate is recorded through the statement of comprehensive income. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the operating result for the reporting period

**3.3 Deferred capital grants**

Grants utilized for capital expenditure are transferred to deferred capital grant and amortized as income over the useful life of the respective items of property, plant and equipment **BTM10**

**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**3.3 Taxation**

No tax related provisions have been made in these financial statements because entity is exempted from income tax and is liable to withheld taxes from employees and vendors .

**3.3 Donor Grants**

Income from donor grants is recognized when conditions on which they depend have been met. Substantially, AOCS donor grants are for the funding of projects and programmes, and for these grants, income is recognized to equate to expenditure incurred on projects and programmes. For donor grants which involve funding for fixed assets or fixed assets in kind, grant income is recognized as the amount equivalent to depreciation expenses charged on the fixed assets concerned... For ongoing projects and programmes, any expenditure yet to be funded but for which funding has been agreed at the end of the reporting period is recognized as grant receivable. All donor grants received are initially recorded at fair value as liabilities as the deferred income

**3.5 Recognition of expenses**

Expenses are recognized as and when these are incurred. The expenses related to Projects are charged to concerned projects. The depreciation is charged in total as Administrative expense.

**3.6 Cash and cash equivalents**

Cash and Cash equivalents include notes and coins in hand, unrestricted balances held with banks. which are subject to insignificant risk of changes in their fair value and are used by the management of its short term commitments at known amount in USD.

**3.7 Functional and presentation currency**

Theses financial statements are presented in US Dollar, transaction in functional currencies are recorded at the rate of exchange ruling at the transaction date, Gain and losses arising on are credited to or charged against income for the period.

**3.8 Foreign Currency Transactions**

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars using year-end exchange rate. Revenue and expenses are translated throughout the year at prevailing exchange rates on the date of transaction. Exchange gains losses are recorded in the statement of income and expenditures

**3.9 Short Term Employment Benefits**

Short-term employment benefits, such as wages salaries and other benefits, are recognized as expense when the employees have rendered services to the organization. the expected cost of accumulating compensated absences are recognized when the employees render services that increases their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognized when the absences occur.

**3.10 Loans and Advances**

These are stated at cost as reduced by appropriate provision for impairment. Known impaired loans and advances are written off, while loans and advances considered doubtful of recovery are fully provided for.

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**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**4. PROPERTY, PLANT AND EQUIPEMENTS**

|   | Office<br>Equipment | Vehicles      | Total         |
|---|---------------------|---------------|---------------|
| <b>COST</b>                                   |                     |               |               |
| Opening balance as at January 01, 2016        | -                   | -             | -             |
| Addition of Assets in Kind during the period  | 16,762              | 47,430        | 64,192        |
| Closing balance as at December 31, 2016       | <u>16,762</u>       | <u>47,430</u> | <u>64,192</u> |
| <b>DEPRECIATION</b>                           |                     |               |               |
| Opening balance as at January 01 2016         | -                   | -             | -             |
| Charge for the year                           | 3,352               | 9,486         | 12,838        |
| Closing balance as at December 31 2016        | <u>3,352</u>        | <u>9,486</u>  | <u>12,838</u> |
| Rates of depreciation per annum - %           | <u>20%</u>          | <u>20%</u>    |               |
| <b>Net Book Value as of December 31, 2016</b> | <u>13,410</u>       | <u>37,944</u> | <u>51,354</u> |

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4.1 The depreciation expense has been allocated to administrative expenses

AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

|  | Note | 2016<br>USD    | 2015<br>USD  |
|--|------|----------------|--------------|
| <b>5 CASH AND CASH EQUIVALENTS</b>     |      |                |              |
| Cash in hand                           |      | -              |              |
| Cash at bank                           | 5.1  | 74,386         | 1,152        |
|  |      | <u>74,386</u>  | <u>1,152</u> |
| <b>5.1 Cash at Bank</b>                |      |                |              |
| <b>Current Account</b>                 |      |                |              |
| USD A/C#2400869                        |      | 247            | 1,152        |
| AFN A/C#241820                         |      | 5,375          | -            |
|  |      | <u>5,622</u>   | <u>1,152</u> |
| <b>Saving Account</b>                  |      |                |              |
| USD A/C#240012                         |      | 51,398         | -            |
| AFN A/C#2400024                        |      | 17,367         | -            |
|  |      | <u>68,764</u>  | <u>-</u>     |
| <b>6 ADVANCES AND PREPAYMENTS</b>      |      |                |              |
| Prepaid Expenses                       |      | 15,000         | -            |
| Advances to Staff                      |      | 3,294          | -            |
|  |      | <u>18,294</u>  | <u>-</u>     |
| <b>7 ACCRUED AND OTHER LIABILITIES</b> |      |                |              |
| Accrued Expenses                       |      | 78,827         | -            |
| Withholding Tax Payable-Vendor         |      | 37             | -            |
| Loan from Executive Director           |      | -              | 655          |
|  |      | <u>78,864</u>  | <u>655</u>   |
| <b>8 DEFFERED INCOME</b>               |      |                |              |
| USAID-AKF ACEP donor                   |      | 2,042          | -            |
|  |      | <u>2,042</u>   | <u>-</u>     |
| <b>9 GRANT INCOME</b>                  |      |                |              |
| Fixed Price Contract                   |      | 10,615         | 6385         |
| Afghan Civic Engagement Program        |      | 908,761        | -            |
|  |      | <u>919,376</u> | <u>6,385</u> |
| <b>10 OTHER INCOME</b>                 |      |                |              |
| Certification Fee                      |      | 7,293          | -            |
| Interest Received From Bank            |      | 346            | -            |
| Discount received on Top up            |      | 474            | -            |
| Amortization of deferred grant         | 4    | 12,838         | -            |
|  |      | <u>20,951</u>  | <u>-</u>     |
| <b>11 PERSONNEL COST</b>               |      |                |              |
| Salaries                               |      | 478,385        | -            |
|  |      | <u>478,385</u> | <u>-</u>     |
| <b>12 FRINGE BENENIFITS</b>            |      |                |              |
| Fringe Benefits                        |      | 85,017         | -            |
|  |      | <u>85,017</u>  | <u>-</u>     |
| <b>13 TRAVEL COST</b>                  |      |                |              |
| International Exposure Visit           |      | 2,221          | -            |
| International Exp Visit -Certification |      | 5,583          | -            |
| Travel Cost-Monitoring /Coordination   |      | 1,379          | -            |
| Local Air Traveling Charges            |      | 2,629          | -            |
| Per Diem Cost                          |      | 3,676          | -            |
|  |      | <u>15,487</u>  | <u>-</u>     |

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**AFGHANISTAN ORGANIZATION FOR CIVIL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|   | <u>2016</u>    | <u>2015</u>  |
|---|----------------|--------------|
|   | USD            | USD          |
| <b>14 CONTRACTUAL COST</b>              |                |              |
| Consultants assessment Cost             | 13,924         | -            |
| Annual Report Charges                   | 79,874         | -            |
| Database Development Charges            | 11,600         | -            |
|   | <u>105,397</u> | <u>-</u>     |
| <b>15 PROGRAM COST</b>                  |                |              |
| Certification Event Cost                | 15,572         | -            |
| Certificates Printing Charges           | 1,415          | -            |
| Certificate Award Ceremony Cost         | 7,135          | -            |
| Workshop Cost                           | 1,257          | -            |
| Annual Summit Charges                   | 18,924         | -            |
| Promotional Campaign Charges            | 29,958         | -            |
| Thematic Roundtable Charges             | 1,748          | -            |
| Environment Report Conference           | 9,200          | -            |
| Staff Orientation and Training Charges  | 16,382         | -            |
| Board Cost                              | 644            | -            |
|   | <u>102,235</u> | <u>-</u>     |
| <b>16 OPERATION COST</b>                |                |              |
| Advertisement Cost                      | 117            | -            |
| Promotion and Networking Events Charges | 1,199          | -            |
| Office Rent                             | 40,207         | -            |
| Repair & Maintenance Charges            | 1,822          | -            |
| Utilities Charges                       | 5,788          | -            |
| Office Stationery & Supplies            | 4,214          | -            |
| Communication Charges                   | 13,678         | -            |
| Vehicle Fuel and Maintenance            | 6,440          | -            |
| Generator Fuel and Maintenance          | 2,974          | -            |
| Vehicle Rental Charges                  | 6,494          | -            |
| Bank Charges                            | 812            | -            |
| Miscellaneous office expense            | 763            | -            |
| Printing and Copying                    | 860            | -            |
| Office furniture/furnishing             | 830            | -            |
| Computer Equipment's                    | 32,582         | -            |
| Office Equipment's                      | 1,484          | -            |
| Software & Licenses                     | 1,205          | -            |
|   | <u>121,468</u> | <u>-</u>     |
| <b>17 SETUP COST OTHER</b>              |                |              |
| Setup Cost                              | 6,987          | -            |
| Depreciation                            | 12,838         | -            |
|   | <u>19,826</u>  | <u>-</u>     |
| <b>18 OTHER EXPENES</b>                 |                |              |
| MSI project expenses                    | -              | 5,888        |
|   | <u>-</u>       | <u>5,888</u> |
| <b>19 GENERAL</b>                       |                |              |

- The figures have been rounded off nearest to USD dollar.
- These financial statements were authorized to issue by the Board of Directors on dated May 03, 2017.

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