



Building a better  
working world

## Afghan Women's Educational Centre (AWEC)

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### Draft Financial Statements

For the year ended 31 December 2015

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
House 1013, Street 2  
Shirpoor Road, Kabul  
Afghanistan

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KB/128/2016  
09 April 2016

The Board of Directors  
Afghan Women's Educational Center

Dear Sirs

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

We are pleased to enclose three copies of the **draft financial statements** of Afghan Women's Educational Center (the Organization) for the year ended 31 December 2015, together with our draft audit report thereon, initialled by us for identification purpose only. We shall be pleased to sign and issue our audit report, in its present or amended form, after:

- a) these financial statements have been approved by the board of Directors (the Board) and signed by the Chairperson and the Executive Director as authorised by the Board in this behalf;
- b) the Board has provided specific approval in respect of the following adjustments and correction to account for the mis-postings and mis accounting of prior years by (charging off) and back the relevant balances:

	USD
Receivable from donors	(2,176,860)
Payable to donors	285,469
Unutilized fund	1,867,403
Accrued and other liabilities	33,651
	<u>9,663</u>

This matter has been further explained in paragraph 3.1; and

- c) We have received representation letter duly signed by the Chairperson and the Executive Director of the Organization.

## 2. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

2.1 The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in International Standards on Auditing.

2.2 While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Organization's management. The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of assets and prevention and detection of frauds and irregularities. The audit of the financial statements does not relieve the



management of its responsibilities. Accordingly, our examination of books of account should not be relied upon to disclose all errors or irregularities.

### 3. SIGNIFICANT MATTER REQUIRING ATTENTION OF THE BOARD

We would like to draw the attention of the Board towards the following significant matter:

#### Emphasis of Matter paragraph in the audit report

We draw attention to Note 14 to the financial statement which indicates the organization had long outstanding balances. During the year management conducted an exercise to determine the realizability or otherwise of long outstanding balances of receivable from donors, payable to donors, unutilized fund and accrued and other liabilities. As a result, the management concluded that most of these balances were neither realizable nor the entity is required to refund to the donors and these were appearing in the books of account due to wrong posting of entries in prior years. Accordingly, management has adjusted and corrected following account balances by (charging off) and writing back;

	US \$
Receivable from donors	(2,176,860)
Payable to donors	285,469
Unutilized fund	1,867,403
Accrued and other liabilities	33,651
	<u>9,663</u>

Our opinion is not qualified in respect of this matter.

### 4. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the associated undertakings / related parties other than those as disclosed in the financial statements.

### 5. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there were no contingencies and commitments other than those disclosed in the financial statements.

We would like to inform the Board that unless we have signed the audit report on the enclosed financial statements, the same shall remain and be deemed unaudited.

We wish to place on record our appreciation for the courtesy and cooperation extended to us by the management during the course of our audit.

Yours faithfully

Encls. As above

MBJ/UD/AB





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## DRAFT

### **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS**

We have audited the accompanying financial statements of **Afghan Women's Educational Center (the Organization)**, which comprise the statement of financial position as of 31 December 2015, the statement of income and expenditure, the statement of cash flows for the year then ended, the statement of changes in funds and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management using accounting policies described in Note 2 to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Afghan Women's Educational Center as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

## Emphasis of Matter

We draw attention to Note 14 to the financial statements which indicates the organization had long outstanding balances. During the year management conducted an exercise to determine the realizability or otherwise of long outstanding balances of receivable from donors, payable to donors, unutilized fund and accrued and other liabilities. As a result, the management concluded that most of these balances were neither realizable from nor refundable to donors and these were appearing in the books of account due to wrong posting of entries in prior years. Accordingly, management has adjusted by (charging off) or writing back following account balances;

	US \$
Receivable from donors	(2,176,860)
Payable to donors	285,469
Unutilized fund	1,867,403
Accrued and other liabilities	33,651
	<u>9,663</u>

Our opinion is not qualified in respect of this matter.

## Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describe the basis of accounting. These financial statements have been prepared by management of the Organization in accordance with the Organization's specific requirements and reporting provisions of grant agreements signed with the donors. As a result the financial statements may not be suitable for another purposes.

## Other Matter

The financial statements of the Organization for the year ended 31 December 2014 were audited by another auditor who expressed a qualified opinion, with respect to activates at the field offices could not be substantiated as these cannot be visited due to security concern in those areas, on 01 April 2015.

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Date:  
Place: Kabul, Afghanistan  
Engagement Partner: Muhammad Basheer Juma

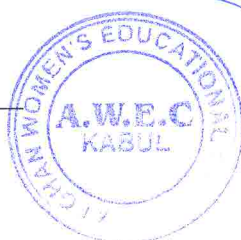
**AFGHAN WOMEN'S EDUCATIONAL CENTER  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	2015 ----- (US\$) -----	2014 -----
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Receivable from donors	3	-	2,369,352
Advances	4	1,475	4,568
Advance taxation		2,971	2,971
Cash and bank balances	5	409,940	665,428
		<b>414,386</b>	3,042,319
<b>TOTAL ASSETS</b>		<b>414,386</b>	3,042,319
<b>EQUITY AND LIABILITIES</b>			
<b>FUND</b>			
Accumulated fund		279,353	690,092
<b>CURRENT LIABILITIES</b>			
Payable to donors	6	-	285,469
Unutilized funds	7	105,000	1,972,404
Accrued and other liabilities	8	30,033	94,354
		<b>135,033</b>	2,352,227
<b>CONTINGENCIES AND COMMITMENTS</b>	9	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>414,386</b>	3,042,319

The annexed notes 1 to 17 form an integral part of these financial statements. *Ego*



CHAIRPERSON





EXECUTIVE DIRECTOR

**AFGHAN WOMEN'S EDUCATIONAL CENTER  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2015**

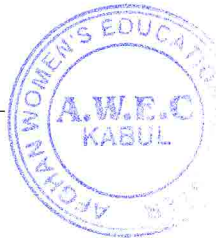
	Note	2015 ----- (US\$) -----	2014 -----
<b>INCOME</b>			
Grants received	10	1,829,892	2,209,333
Other income	11	-	136,056
Private donations		11,100	-
Afghan Women Educational Center (AWEC) fund		66,832	-
Balances charged off / back –net	14	9,663	-
		<u>1,917,487</u>	<u>2,345,389</u>
<b>EXPENDITURE</b>			
Program expenditure	12	2,038,200	2,209,333
Own source expenditure	13	290,026	471,974
		<u>2,328,226</u>	<u>2,681,307</u>
<b>EXCESS OF EXPENDITURE OVER INCOME</b>		<b>(410,739)</b>	<b>(335,918)</b>

The annexed notes 1 to 17 form an integral part of these financial statements.

*Eja*

*[Handwritten Signature]*

CHAIRPERSON



*[Handwritten Signature]*

EXECUTIVE DIRECTOR

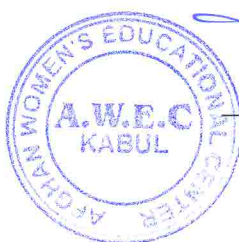


**AFGHAN WOMEN'S EDUCATIONAL CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 ----- (US\$) -----	2014 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of expenditure over income		(410,739)	(335,918)
<b>Working capital changes:</b>			
(Increase) / decrease in current assets:			
Receivable from donors		2,369,352	(891,633)
Advances		3,093	19,889
Advance taxation		-	457
		<b>2,372,445</b>	<b>(871,287)</b>
(Decrease) / increase in current liabilities:			
Payable to donors		(285,469)	1,068
Unutilized funds		(1,867,404)	1,017,319
Accrued and other liabilities		(64,321)	59,027
		<b>(2,217,194)</b>	<b>1,077,414</b>
<b>Net cash used in operating activities</b>		<b>(255,488)</b>	<b>(129,791)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(255,488)</b>	<b>(129,791)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>665,428</b>	<b>795,219</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	5	<b>409,940</b>	<b>665,428</b>

The annexed notes 1 to 17 form an integral part of these financial statements. *Ego*

CHAIRPERSON



EXECUTIVE DIRECTOR

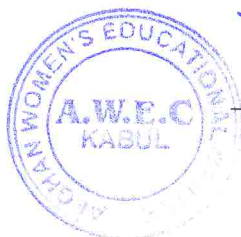


**AFGHAN WOMEN'S EDUCATIONAL CENTER  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	----- (US\$) -----	
<b>Accumulated Fund</b>		
Balance as at 01 January	690,092	1,026,010
Excess of expenditure over income	(410,739)	(335,918)
<b>Balance as at 31 December</b>	<b>279,353</b>	<b>690,092</b>

The annexed notes 1 to 17 form an integral part of these financial statements.

\_\_\_\_\_  
CHAIRPERSON



*Egy*

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

**AFGHAN WOMEN'S EDUCATIONAL CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. CORPORATE INFORMATION**

Afghan Women's Educational Center (the Organization) is a non-governmental, non-political and not for the profit organization established in 1991 by a group of educated afghan women who rallied together to address the lack of facilities for afghan refugees in the Islamabad / Rawalpindi area. It was the first non-profit organization to mobilize scattered refugee women in and around Islamabad. The center provided a place for women to meet, as well as offering classes in literacy, tailoring, English language, women's rights' awareness and computer training.

The Organization's registration was renewed on 15 February 2006 under the registration no. 440 with Ministry of Economy's NGO's Department. Registered office of the Organization is House number 1365, Samad-e-wakil Street, Pole-e-Sorkh, Kart-e-4, Kabul, Afghanistan.

In recent years the Organization has expanded its activities to include peace-building education in refugee camps in Peshawar, Quetta and in parts of Kabul; capacity building for women-headed NGO's; a school for girls in Kabul to enable them to catch up on education missed during the Taliban years; and a small project focusing on one-off support and needs assessment for widows in Kabul.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**2.1. Basis of preparation**

These financial statements have been prepared by the management of the Organization in accordance with Organization's specific requirements and reporting provisions of grant agreements signed with the donors.

**2.2. Basis of measurement**

These financial statements have been prepared under historical cost convention.

**2.3. Functional and presentation currency**

These financial statements have been presented in US Dollars (US \$), which is also the Organization's functional currency.

**2.4. Foreign currency transactions**

Transactions in foreign currencies are converted at the exchange rate prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of statement of financial position. Exchange gains and losses are recognized in the statement of income and expenditure.

**2.5. Fixed assets**

Fixed assets are charged to donor as expense in the year of purchase.

**2.6. Taxation**

The Organization's income is exempt from tax under Afghanistan Income Tax Laws. Accordingly no provision has been made in these financial statements on account of taxation.

**2.7. Grants and donations**

Grants and donations are recognised on receipts basis.

**2.8. Expenditure**

Expenditure is recognized on accrual basis of accounting. In accordance with accrual basis of accounting expenditure is accounted for when incurred rather than when paid. *Eja*

	2015 ----- (US\$) -----	2014
<b>3. RECEIVABLE FROM DONORS</b>		
<b>Anna donations</b>	-	1,350
Support to street working children		
<b>Association prals Drets Human of Afghanistan</b>		
Promote Human Rights to women prisoners and their children	-	18,389
<b>Afghan Women Network</b>		
United Nations Security Council Resolution, 1325 workshop	-	18,323
<b>British Council</b>		
Twanmandi core funding project	-	252,664
<b>Catholic Agency For Overseas Development</b>		
Enabling resilience through peace building and economic development	-	33,053
<b>Chobani Shepherd's Gift Foundation</b>		
Support to street working children	-	24,635
<b>Danish Committee for Aid to Afghan Rogues</b>		
Knowledge Management and Policy Advocacy in Natural Resource Management, Livelihood and Food Security	-	421
<b>Creative Association International Inc.</b>		
Building Educational Support System for Teachers	-	113,021
<b>Christian Aid</b>		
Strengthening local capacities for greater community empowerment in reducing socio economic vulnerability	-	420,323
<b>Counterpart International</b>		
Provision of drinkable water to schools and the village	-	32,122
Initiate to promote afghan civil society	-	16,891
Afghan civic engagement program	-	16,458
Conference	-	3,532
Initiate to promote afghan civil society	-	90,100
Capacity building seed grant	-	65,859
Women access to justice	-	26,327
	-	251,289
<b>Inter church organization for development cooperation</b>		
Advocacy for women rights	-	4,783
United Nations Security Council resolution , 1325/1820	-	1,838
	-	6,621
<b>J.A. Clark Charitable Trust</b>		
Women empowerment	-	32,472
<b>Health Net</b>		
Psychosocial	-	86,121
<b>Norwegian Refugee Council</b>		
Youth education pack	-	71,226
<b>Open Society Organization</b>		
Girls' rehabilitation center	-	40,761
<b>OXFAM Great Britain</b>		
Funding leadership opportunities for women	-	6,821
Peace and capacity building program	-	2,424
Women rights program	-	17,151
	-	26,396
<b>United Nation Development Program</b>		
Gender equality program	-	61,327
<b>USA Embassy</b>		
Access to Justice	-	708
Prison project	-	105,703
	-	106,411

	2015	2014
	----- (US\$) -----	-----
<b>Women and Children Legal Research Foundation</b>		
Training	-	5,685
<b>World Bank</b>		
Education quality improvement project	-	765,800
<b>Other donors</b>		
Save the children UK	-	1,540
Catholic relief services	-	665
Bangladesh Rehabilitation Assistance Committee	-	10,595
Save the children USA	-	20,262
	-	33,062
	-	<u>2,369,352</u>
 <b>4. ADVANCES</b>		
<b>Considered good to employees</b>		
- against operations	1,246	4,418
- against salary	-	150
	<u>1,246</u>	<u>4,568</u>
<b>To suppliers and vendors</b>	229	-
	<u>1,475</u>	<u>4,568</u>
 <b>5. CASH AND BANK BALANCES</b>		
Cash in hand	25,186	15,837
With banks in current accounts		
US \$	355,892	611,047
Afghani	28,483	38,539
EURO	379	5
	<u>384,754</u>	<u>649,591</u>
	<u>409,940</u>	<u>665,428</u>
 <b>6. PAYABLE TO DONORS</b>		
<b>Counterpart International</b>		
Supporting the electoral process	-	155,759
<b>J.A. Clark Charitable Trust</b>		
Women empowerment	-	36,754
<b>Norwegian Refugee Council</b>		
Youth education pack	-	56,481
<b>Canadian Women for Women</b>		
Girls rehabilitation center	-	12,271
<b>USA Embassy</b>		
Prison project	-	9
<b>Women and Children Legal Research Foundation</b>		
Training	-	1,141
<b>World Food Program</b>		
Food distribution program	-	1,268
<b>Other donors</b>		
The Asia Foundation	-	10,438
Finnish embassy	-	2,649
Voice of Women	-	5,643
United Nations Development Program	-	21
Swedish Committee for Afghanistan	-	153
Deutsche Gesellschaft für International Zusammenarbeit	-	2,852
Deutscher Entwicklungsdienst	-	30
	-	21,786
	-	<u>285,469</u>



2015 2014  
----- (US\$) -----

7. UNUTILISED FUNDS

<b>Anna Donations</b>		
Support to street working children	-	7,268
<b>Association Prals Drets Human of Afghanistan</b>		
Promote Human Rights to women prisoners and their children	-	9,496
<b>Afghan Women Network</b>		
United Nations Security Council Resolution ,1325 workshop	-	9,856
<b>British Council</b>		
Twanmandi core funding project	-	246,746
<b>Catholic Agency For Overseas Development</b>		
Enabling resilience through peace building and economic development	-	54,156
<b>Chobani Shepherd's Gift Foundation</b>		
Support to street working children	-	3,096
<b>Creative Association International Inc.</b>		
Ambassador's small grants program to support gender equality	-	84,402
Building Educational Support System for Teachers	-	17,530
	-	101,932
<b>Christian Aid</b>		
Strengthening local capacities for greater community empowerment in reducing socio economic vulnerability	-	576,466
<b>Counterpart International</b>		
Afghan civic engagement program	-	32,614
Capacity building seed grant	-	65,859
Women access to justice	-	43,172
	-	141,645
<b>Inter church organization for development cooperation</b>		
Advocacy for women rights	-	42,069
<b>OXFAM Great Britain</b>		
Funding leadership opportunities for women	-	31,752
Women rights program	-	452
	-	32,204
<b>Terre Des Hommes</b>		
Violence against afghan children	-	22,936
<b>United Nations Development Program</b>		
Gender equality program	105,000	166,424
<b>World Bank</b>		
Education quality improvement project	-	558,110
	<u>105,000</u>	<u>1,972,404</u>

8. ACCRUED AND OTHER LIABILITIES

Salaries payable	-	41,946
Income tax withheld	7,969	1,264
Professional charges	5,200	-
Others	16,864	51,144
	<u>30,033</u>	<u>94,354</u>

9. CONTINGENCIES AND COMMITMENTS

The Organization has no contingencies and commitments at the end of the year (2014: Nil).

*Egw*

	2015	2014
	----- (US\$) -----	-----
<b>10. FUNDS RECOGNISED</b>		
<b>Anna donations</b>		
Support to street working children	55,784	18,935
<b>Afghanistan civil society election network</b>		
Electoral reforms advocacy project	5,995	-
<b>Association Prals Drets Human of Afghanistan</b>		
Promote Human Rights to women prisoners	3,534	34,340
<b>Afghan Women Network</b>		
United Nations Security Council Resolution, 1325 workshop	-	418
<b>British Council</b>		
Twanmandi core funding project	202,525	245,596
<b>Catholic Agency for Overseas Development</b>		
Enabling resilience through peace building and 'economic development	25,974	72,706
<b>Chobani Shepherd's Gift Foundation</b>		
Support to street working children	-	342
<b>Christian Aid</b>		
Strengthening local capacities for greater community empowerment in reducing socio economic vulnerability	193,589	282,006
<b>Counterpart International</b>		
Afghan civic engagement program	44,627	116,468
International women's day	4,648	-
	<b>49,275</b>	116,468
<b>Inter church organization for development cooperation</b>		
Advocacy for women rights		
<b>OXFAM Great Britain</b>		
Funding leadership opportunities for women	460,293	337,204
Women rights program	-	60,310
	<b>460,293</b>	397,514
<b>OXFAM Novib</b>		
Bayan project	30,049	-
Capacity building program	21,789	-
	<b>51,838</b>	-
<b>United Nation Development Program</b>		
Gender equality program	-	119,888
<b>USA Embassy</b>		
Prison project	118,412	166,070
<b>Equality for peace and democracy</b>		
International days celebration	22,312	-
<b>World Bank</b>		
Education quality improvement project	343,768	642,560
<b>Tetra Tech</b>		
Women leadership development project	202,160	-
<b>Terre Des Hommes</b>		
Violence against afghan children	94,433	102,263
	<b>1,829,892</b>	<b>2,209,333</b>

*Egh*

	2015 ----- (US\$) -----	2014 -----
<b>11. OTHER INCOME</b>		
Employees' contributions	-	126,312
Exchange gain – net	-	9,744
	-	136,056
<b>12. PROGRAM EXPENDITURE</b>		
Salaries, wages and other benefits	937,391	1,124,989
Operational expenses	984,413	934,326
Capital expenditure	17,392	49,117
Travel	72,034	90,462
Professional charges	26,970	10,439
	2,038,200	2,209,333
<b>13. OWN SOURCE EXPENDITURE</b>		
Salaries, wages and other benefits	221,071	320,534
Operational expenses	26,216	112,321
Capital expenditure	1,003	19,094
Travel	7,327	16,025
Professional charges	5,250	4,000
Exchange loss – net	29,159	-
	290,026	471,974

**14. MISSTATEMENT IN PRIOR PERIOD FINANCIAL STATEMENTS CORRECTED IN CURRENT YEAR**

During the year management conducted an exercise to determine the realizability or otherwise of long outstanding balances of receivable from donors, payable to donors, unutilized fund and accrued and other liabilities. As a result, the management concluded that most of these balances neither receivable nor refundable to donors and these were appearing in the books of account due to wrong posting of entries in prior years. Accordingly, management has adjusted following accounts balances in the current year.

Adjustment and reclassification due to mis-postings and mis-accounting in prior years	US\$
Receivable from donors	(2,176,860)
Payable to donors	285,469
Unutilized fund	1,867,403
Accrued and other liabilities	33,651
	9,663

**15. CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of comparison. However, no significant reclassification or restatement has been made.

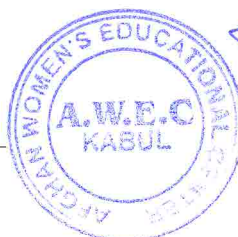
**16. GENERAL**

Figures in these financial statements have been rounded off to the nearest US \$.

**17. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the Board on \_\_\_\_\_.

  
\_\_\_\_\_  
CHAIRPERSON



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