



**A. Salam Jan & Co.**

*Chartered Accountants*



*A network of independent accountancy firms.*

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

### **Introduction**

We have audited the annexed statement of financial position (balance sheet) of the **DEVELOPMENT AND HUMANITARIAN SERVICES FOR AFGHANSIATN (DHSA)/TKG** as at **DECEMBER 31, 2010** and the related income & expenditure account together with the notes forming part thereof (here-in-after referred to as the financial statements) for the year then ended.

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

It is the responsibility of the management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved generally accepted accounting standards.

### **Auditors' Responsibility**

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

### **Opinion**

In our opinion the financial statements present fairly in all material respects, the financial position of the **DEVELOPMENT AND HUMANITARIAN SERVICES FOR AFGHANISTAN (DHSA)/TKG** as at **DECEMBER 31, 2010** and of its deficit for the year then ended in accordance with the approved generally accepted accounting standards and the donors' reporting requirements.

**Peshawar**

**August 23, 2011**

  
**A. Salam Jan & Co.**  
Chartered Accountants  
(Abdus Salam Jan – FCA)



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DEVELOPMENT AND HUMANITARIAN SERVICES FOR AFGHANISTAN (DHSA)/TKG  
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)  
AS AT DECEMBER 31, 2010

	NOTES	2010 USD	2009 USD
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment (Cost-less accumulated depreciation)	4	434,015	292,616
<b>CURRENT ASSETS</b>			
Due from donors	5	-	23,523
Advances, prepayments and other receivables	6	662,710	635,264
Cash and bank balances	7	428,979	528,998
		1,091,688	1,187,785
<b>TOTAL ASSETS</b>		<u>1,525,703</u>	<u>1,480,401</u>
<b>GENERAL FUND</b>			
Accumulated surplus	8	407,497	902,236
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	732,201	532,037
Due to donors	10	37,691	37,691
Other liabilities	11	348,314	8,437
		1,118,206	578,165
<b>TOTAL FUNDS AND LIABILITIES</b>		<u>1,525,703</u>	<u>1,480,401</u>

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

Aug 23, 2011.

GENERAL DIRECTOR



FINANCE MANAGER

( 3 )

DEVELOPMENT AND HUMANITARIAN SERVICES FOR AFGHANISTAN (DHSA)/TKG  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2010

	NOTES	2010 USD	2009 USD
<b>INCOME</b>			
Grants from donors	12	3,668,883	2,675,497
Operating income	13	1,824,122	2,224,770
Other income	14	157,845	96,699
Rana Private Schools	15	642,771	531,228
		<b>6,293,620</b>	<b>5,528,194</b>
<b>EXPENDITURE</b>			
Direct input cost	16	6,788,360	4,831,781
		<b>(494,740)</b>	<b>696,413</b>

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

  
GENERAL DIRECTOR

  
FINANCE MANAGER

**DEVELOPMENT AND HUMANITARIAN SERVICES FOR AFGHANISTAN (DHSA)/TKG  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. STATUS AND NATURE OF ORGANIZATION**

Development and Humanitarian Services for Afghanistan (DHSA)/TKG is registered as a non-governmental, non-political and non-sectarian organization working for the rehabilitation of Afghans through implementation of various projects in Afghanistan.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the reporting requirements of donor agencies.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Accounting convention**

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

**3.2 Income Recognition**

**3.2.1 Income from donors grants**

Income from Donors' grants is recognized up to the extent of expenses incurred excluding expenses which are funded from the DHSA own sources.

**3.2.2 Income from own sources**

Income from Own Sources is recognized on receipt basis.

**3.2.3 Income from services**

Income from services is recognized on accrual basis.

**3.3 Expenditure**

Expenditure is recognized on accrual basis.

**3.4 Fixed assets**

All fixed assets purchased from donor funds are charged to income, and remain the property of respective donors.

Tangible fixed assets owned by the organization are stated at cost less accumulated depreciation. Depreciation is charged on fixed assets by reducing balance method at the rates specified in Note - 4. Full month depreciation is charged in the month of acquisition while no depreciation is charged in the month of disposal.

Major renewals and improvements are capitalized. Minor replacements, repairs and maintenance are charged to income. Gains/ (losses) on disposal of tangible fixed assets, if any, are taken to income.

**3.5 Foreign currency transaction**

Foreign currency transactions are recorded using the exchange rate applicable on the date of transaction. Exchange gain or (loss) on foreign currency transaction is credited / charged to income statement . All monetary assets and liabilities in foreign currencies are converted into dollars at exchange rates prevailing at the date of Statement of Financial Position.