

FUTURE GENERATIONS AFGHANISTAN (FGA)
AUDIT OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2013

Submitted by:

M/s Saeed Methani Mushtaq & Co. Chartered Accountants

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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of "Future Generations Afghanistan" (Here-in-after referred to as "FGA") which comprises the statement of financial position as at 31 December 2013, and the related Statement of Receipts and Expenditures together with the notes forming part thereof (all these here-in-after referred to as the "financial statements") for the year then ended.

Management's Responsibility for the Financial Statements

FGA management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than the generally accepted accounting principles as described in note 2.1 to the financial statements. The management is also responsible for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 (ISAs). 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 our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 the FGA as of December 31, 2013 and its Receipts and expenditures for the period then ended in accordance with the basis of accounting as described in note 2.1 to the financial statement.

Kabul

Date: *April 26, 2015*



Saeed Methani Mushtaq & Co
Chartered Accountants



**FUTURE GENERATIONS AFGHANISTAN (FGA)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013**

	Notes	PERIOD ENDED DECEMBER 31, 2013 USD	PERIOD ENDED SEPTEMBER 30, 2013 USD
ASSETS			
Non-Current Assets			
Fixed Assets	4	68,311	78,779
Current Assets			
Cash and Bank Balances	5	103,417	261,221
Total Current Assets		103,417	261,221
Total Assets		171,727	340,000
EQUITY AND LIABILITIES			
EQUITY			
Sustainability Fund	6	161,151	161,151
Accumulated (Deficit)/Surplus		(152,073)	20,362
		9,078	181,513
LIABILITIES			
Current Liabilities			
Grant Received in Advance	7	157,440	157,440
Tax Payable	8	5,209	1,048
Total Current Liabilities		162,649	158,488
TOTAL EQUITY & LIABILITIES		171,727	340,000

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


Finance Manager


Country Director

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FUTURE GENERATIONS AFGHANISTAN (FGA)
STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE PERIOD ENDED DECEMBER 31, 2013

	Notes	PERIOD ENDED DECEMBER 31, 2013 USD	PERIOD ENDED SEPTEMBER 30, 2013 USD
RECEIPTS			
Grant from Donors	9	-	18,835
		<u>-</u>	<u>18,835</u>
EXPENDITURES			
Staff Cost	10	100,746	110,771
Equipment Cost	11	620	276
Operational Cost	12	69,709	41,312
Programme Cost	13	-	5,369
Exchange Loss		1,359	-
		<u>172,434</u>	<u>157,727</u>
(Deficit)/Surplus for the period		(172,434)	(138,892)
Other Comprehensive Income			
Fixed Assets Reserve		-	376
Accumulated Surplus B/F		181,513	770,219
Less: Adjustment of theft amount		-	(450,190)
Accumulated Surplus C/F		<u>9,078</u>	<u>181,513</u>
Transferred to Sustainability Funds		161,151	161,151
Net Accumulated (Deficit)/Surplus		(152,073)	20,362

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


Finance Manager


Country Director

SMMCO

**FUTURE GENERATIONS AFGHANISTAN (FGA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2013**

1. STATUS AND NATURE OF ACTIVITIES

Future Generations Afghanistan (FGA) is a Non Governmental Organisation (NGO) registered with the Ministry of Economy under the Afghanistan NGO law and is part of Future Generations Network. FGA started its operations in 2002 with the belief that community based change was a proven alternative path to international development. FGA raises within communities the capacity to shape their own futures. Communities learn to maximise locally available skills and resources to sustain solutions that fit local cultures, economies and ecologies through FGA health, education, peace building, empowerment and income generations programs. FGA receives funds assistance from donors to carry out its activities

2. STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

These financial statements have been prepared on modified cash basis of accounting. In modified cash basis of accounting income is recorded on receipts basis while expenditures are recorded when incurred.

2.2 Basis of Measurement

The Financial statements have been prepared under historical cost basis, except as otherwise stated in the policies and notes given hereunder.

2.3 Corresponding Figures

The financial statements has been prepared for a period of 3 months (from October 01, 2013 to December 31, 2013), this is because FGA has changed its reporting period end from June 30 each year to December 31 each year. FGA has already audited 3 months financial statement to September 30, 2013.

2.4 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the organisation operates. The financial statements are presented in US dollars. FGA functional currency is also US dollars.

2.5 Use of the estimates and judgments

The presentation of financial statements requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from the results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates is revised and in any future years affected. Significant areas requiring the use of management estimates in these financial statements related to the useful life of depreciable assets, provision for the doubtful receivables and slow moving inventory.

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FUTURE GENERATIONS AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED DECEMBER 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipments

After recognition as an asset, an item of property and equipment is stated at cost or revalued amount less any accumulated depreciation and accumulated impairment losses, if any.

Cost comprises acquisition cost and other directly attributable costs. The assets are capitalized on the basis of future economic benefits and the reliability of the cost.

Depreciation is provided on reducing balance method at the rates mentioned below. Full year depreciation is charged on assets in the year of purchase while no depreciation is charged in the year of disposal.

Gain or loss on disposal of assets, if any, is calculated as a difference between disposal proceed and book value of the asset at the time of disposal and credited or charged to the statement of Receipts and Expenditures for the year respectively.

The organisation reviews the useful life and residual value of property and equipment on regular basis. Any change in estimate in future years might effect the carrying value of the assets along with the depreciation value.

Any fixed assets purchased against donor funding are charged to Receipts in that year and are transferred to fixed assets at the end of the relevent project.

Depreciation is calculated on all assets at the following rates:

Assets	Rates
Vehicles	25%
Furnitures and Fixtures	20%
Office Equipments	25%
IT Equipments	33%

3.2 Impairment

The carrying amounts of the organisation assets are analysed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of assets are estimated in order to determine the extent of the impairment loss if any. Impairment losses are recognised as expense in the statement of Receipts and Expenditures.

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**FUTURE GENERATIONS AFGHANISTAN (FGA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2013**

3.3 Advances and Receivables

Advances and receivables are measured at original invoice amount less an estimate made for doubtful receivable, if any, based on review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.4 Cash and Bank balances

Cash and bank balances are carried in the statement of financial position at cost. Cash and bank balances comprise cash in hand and balances with banks.

3.5 Liabilities

Liabilities for amounts payables are measured at cost which is the fair value of the consideration to be paid in the future, for the goods or services received, whether or not billed to the organisation.

3.6 Exchange gain and loss

Transactions in currencies other than the reporting currencies (US dollars) are accounted for at the exchange rates prevailing of the date of transactions. All monetary assets and liabilities denominated in currencies other than the reporting currency at the year end are translated at exchange rates prevailing on financial statements date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transition, If any. Exchange differences are included in the statement of Receipts and Expenditures for the period.

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FUTURE GENERATIONS AFGHANISTAN (FGA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2013

4. PROPERTY AND EQUIPMENT

PARTICULARS	C O S T		RATE	D E P R E C I A T I O N			W.D.V AS ON 31-12-13 (USD)
	AS AT 01-10-13	ADDITIONS/ [DELETIONS]		AS AT 31-12-13	AS AT 01-10-13	FOR THE PERIOD	
Vehicles	46,606	-	25%	10,374	4,529	14,903	31,703
Furnitures and Fixtures	5,993	-	20%	768	523	1,291	4,703
Office Equipments	31,608	-	25%	7,336	3,034	10,370	21,238
IT Equipments	15,990	-	33%	3,216	2,108	5,324	10,667
2013 (USD)	100,197	-		21,694	10,193	31,887	68,311

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FUTURE GENERATIONS AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED DECEMBER 31, 2013

	NOTE	PERIOD ENDED DECEMBER 31, 2013 USD	PERIOD ENDED SEPTEMBER 30, 2013 USD
5. CASH AND BANK BALANCES			
Cash In Hand	6.1	7,877	7,069
Cash at Bank	6.2	95,540	254,152
		<u>103,417</u>	<u>261,221</u>
5.1. Cash In Hand			
Head Office (USD)		35	-
Nangarhar (USD)		506	974
Ghazni (USD)		1,296	1,316
Dehkundi (USD)		1,066	1,433
Head Office (AFN)	6.3	1,025	-
Nangarhar (AFN)	6.3	244	1,261
Ghazni (AFN)	6.3	386	165
Dehkundi (AFN)	6.3	3,319	1,920
		<u>7,877</u>	<u>7,069</u>
5.2. Cash At Bank			
Azizi Bank-HO USD		29,409	115,429
Azizi Bank NGR USD		1,142	5,506
Kabul Bank FGA Main USD		2,638	2,828
Kabul Bank FGA NSP USD		40,090	77,346
Kabul Bank Ghazni USD		1,519	1,869
Kabul Bank NGR USD		405	435
Habib Bank Limited USD		9,574	27,439
Azizi Bank HO AFA	6.3	1,867	4,482
Azizi Bank NGR AFA	6.3	4,223	11,266
Kabul Bank FGA NSP Daikundi USD	6.3	30	2,900
Kabul Bank FGA NSP Daikundi AFA	6.3	22	31
Kabul Bank HO AFA	6.3	4,621	4,621
		<u>95,540</u>	<u>254,152</u>

5.3. The Exchange rate used for the conversion of Afghani to US dollars is as follows:
 1 US dollar = 57.05 Afghani

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FUTURE GENERATIONS AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED DECEMBER 31, 2013

	NOTE	PERIOD ENDED DECEMBER 31, 2013 USD	PERIOD ENDED SEPTEMBER 30, 2013 USD
6. SUSTAINABILITY FUND			
Opening balance		161,151	611341
Ajustment of the theft amount		-	(450,190)
Amount Spent		-	
Closing balance		<u>161,151</u>	<u>161,151</u>
7. GRANT RECEIVED IN ADVANCE			
This represent the amount received from the Ministry of Rural Rehabilitation and Development (MRRD) for National Solidarity Programme (NSP) to be implemented by FGA. The amount was received in May 2013 but the related project had not yet started.			
8. TAX PAYABLE			
Salaries		4,369	509
Rent		516	216
Contractual Taxes		324	324
		<u>5,209</u>	<u>1,048</u>
9. GRANTS FROM DONOR			
French Embassy		-	18,835
		<u>-</u>	<u>18,835</u>
10. STAFF COST			
Regular Staff		36,672	38,770
Project Staff		64,074	72,001
		<u>100,746</u>	<u>110,771</u>
11. EQUIPMENT COST			
Furnitures and Fixtures		342	72
Office Equipment		279	203
		<u>620</u>	<u>276</u>

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FUTURE GENERATIONS AFGHANISTAN (FGA)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED DECEMBER 31, 2013

NOTE	PERIOD ENDED DECEMBER 31,	PERIOD ENDED SEPTEMBER 30,
	2013 USD	2013 USD
12. OPERATIONAL COST		
Office supplies	4,786	3,298
Office Rent	12,896	4,019
Utilities	8,629	7,546
Printing Postage and Stationery	1,717	848
Travel and Transportation	4,210	5,556
Vehicles Operating cost	19,511	19,113
Repair and Maintainace	356	438
Depreciation	10,193	-
Training and Capacity building	3,201	-
Audit Fee	3,300	-
Bank charges	841	471
Miscellaneous expense	70	25
	<u>69,709</u>	<u>41,312</u>
13. PROGRAMME COST		
Other expenses	-	5,369
	<u>-</u>	<u>5,369</u>

14. GENERAL

- Figures have been rounded off to the nearest of USD .
- Comparative Figures have been rearranged and regrouped for better presentation and comaparison.

15. AUTHORIZATION

These financial statements have been authorized by the Country Director on April 18, 2015.


 Finance Manager


 Country Director

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