

AUDITED FINACIAL STATEMENTS

RURAL REHABILITATION ASSOCIATION FOR AFGHANISTAN (RRAA)

ANNAUL AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2023

Report Submitted by

PKF F.R.A.N.T.S.
CHARTERED ACCOUNTANTS

An Independent Member firm of



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INDEPENDENT AUDITOR'S REPORT

To: Board of Directors - Rural Rehabilitation Association for Afghanistan (RRAA)

Opinion

We have audited the financial statements of “**Rural Rehabilitation Association for Afghanistan (RRAA)**” (the Organization), which comprise the statement of financial position as at **December 31, 2023**, statement of income and expenditure, statement of changes in fund balance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with accounting policies mentioned in note 3 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of Accounting and Restriction on Distribution

We draw attention to note 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist RRAA with the financial reporting provision of local laws and donors. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for **RRAA its donors and local government ministries** and should not be distributed to any other parties. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies described in note 3 to the financial statements, and for such internal control as the management 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, management is responsible for assessing the Organization's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibility 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level assurance, but is not a guarantee

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Page 1 of 2

that an audit conducted in accordance with ISAs 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, 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.

We communicate with the management, 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.

Raj *Rehman*
PKF F.R.A.N.T.S.
Chartered Accountants



Engagement Partner: Qamar Ali Mumtaz, FCA
Kabul, Afghanistan

Date:

26 DEC 2024

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**RURAL REHABILITATION ASSOCIATION FOR AFGHANISTAN (RRAA)
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

INDEX

AUDITOR'S REPORT

I

FINANCIAL STATEMENTS

II

- i. *Statement of Financial position as at 31 December 2023*
- ii. *Statement of Income and Expenditure for the year ended 31 December 2023*
- iii. *Statement of Changes in Fund Balance for the year ended 31 December 2023*
- iv. *Statement of Cash Flows for the year ended 31 December 2023*
- v. *Notes to the Financial Statements for the year ended 31 December 2023*
- vi. *Non Current Asset Schedule for the year ended 31 December 2023*

ANNEXURES

III

- i. *Consolidated donor wise / project wise fund utilization statement* Annexure 1
- ii. *Project wise Financial reports / Variance analysis*



RURAL REHABILITATION ASSOCIATION FOR AFGHANISTAN (RRAA)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023	2022
		AFN	AFN
ASSETS			
NON CURRENT ASSETS	4	1	1
CURRENT ASSETS			
Advances, deposits and prepayments	5	10,163,679	10,119,650
Receivable from donors	6	138,875,348	106,215,969
Cash and cash equivalents	7	67,316,534 216,355,561	46,443,656 162,779,275
TOTAL ASSETS		<u>216,355,562</u>	<u>162,779,276</u>
FUND BALANCE AND LIABILITIES			
Fund balance	8	(245,853)	8,254,725
CURRENT LIABILITIES			
Accrued expenses and other liabilities	9	139,362,617	112,979,406
Unutilized grants	10	71,032,110	36,954,972
Payable to donors	11	6,206,688 216,601,415	4,590,174 154,524,551
TOTAL FUND BALANCE AND LIABILITIES		<u>216,355,562</u>	<u>162,779,276</u>

Auditor's report annexed

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

DIRECTOR



MANAGER FINANCE

RURAL REHABILITATION ASSOCIATION FOR AFGHANISTAN (RRAA)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2023

Note	DONORS' FUND		GENERAL RESERVE	
	2023	2022	2023	2022
	AFN	AFN	AFN	AFN
INCOME				
Funds	12	527,765,454	591,970,448	-
Other income	13	-	-	4,195,492
Exchange gain/ (loss)	14	-	-	(4,187,309)
Total income		527,765,454	591,970,448	8,183
EXPENDITURE				
Administrative Cost		8,070,819	67,917,393	-
Communications		-	-	7,140.00
Education and Training Cost		-	28,617,510	-
Furniture and Fixtures		-	-	-
Legal and Professional Services		-	391,950	383,175.00
Office Equipment		-	-	-
Office Rentals Cost		14,528,604	6,032,702	273,300.00
Operation Costs		241,901,065	235,562,865	-
Personnel Cost		244,590,430	220,492,879	5,943,961.59
Repairs and Maintenance		1,390,727	945,410	14,053
Stationaries and supplies		-	-	168,725
Training and Workshops		1,225,573	-	-
Travels and Meals		11,813,365	10,583,638	84,020.00
Utilities		4,244,871	5,047,495	164,444.00
Misc.		-	16,378,607	1,539,100
Total expenditure		527,765,454	591,970,448	8,577,918
Surplus/(deficit) for the year		-	-	(8,569,735)
				2,065,124

Project wise breakup of expenditure annexed

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

DIRECTOR



MANAGER FINANCE

**RURAL REHABILITATION ASSOCIATION FOR AFGHANISTAN (RRAA)
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	General reserve	Total
----- AFN -----			
Balance as at December 31, 2021		6,189,601	6,189,601
Add:			
Surplus for the year ended December 31, 2022		2,065,124	2,065,124
Balance as at December 31, 2022	8	8,254,725	8,254,725
Add:			
Surplus for the year ended December 31, 2023		(8,569,735)	(8,569,735)
ABADIE II admin cost adjustment		69,157	69,157
Balance as at December 31, 2023	8	(245,853)	(245,853)

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

DIRECTOR



MANAGER FINANCE

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**RURAL REHABILITATION ASSOCIATION FOR AFGHANISTAN (RRAA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	2023 AFN	2022 AFN
Cash flow from operating activities:			
Surplus/(deficit) for the year		(8,569,735)	2,065,124
Adjustments for the non cash items			
Receivables written off	8	-	-
Opening adjustment	SOCF	69,157	-
		(8,500,578)	2,065,124
Changes in Working Capital			
Decrease/(increase) in current assets			
Changes in advances, deposits and prepayments		(44,029)	(7,370,568)
Changes in receivable from donors		(32,659,379)	(26,084,970)
Increase/(decrease) in current liabilities			
Changes in accrued expenses and other liabilities		26,383,211	32,232,298
Changes in Unutilized grants		34,077,139	13,843,051
Changes in payable to donors		1,616,514	2,271,733
		29,373,456	14,891,544
Cash generated from operations		20,872,878	16,956,668
Net cash flow from operating activities		20,872,878	16,956,668
Cash flow from investing activities:			
Net cash flow from investing activities		-	-
Increase in cash and cash equivalents for the year		20,872,878	16,956,668
Cash and cash equivalents at the beginning of the year		46,443,656	29,486,988
Cash and cash equivalents at the end of the year	7	67,316,534	46,443,656

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

DIRECTOR



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