

IDARA AL-KHAIR WELFARE SOCIETY

Audited Accounts

(For the period of July 2021 to June 2022)

AIMA Management Consultant
Office # 308, 3rd Floor, Bhayani center , Block "M", North Nazimabad, Karachi, Cell: 0321-2753525



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AUDITORS, FINANCIAL, TAX, HR AND IT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the members of IDARA AL-KHAIR WELFARE SOCIETY (Registration # DSW(154)-K)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **M/s IDARA AL-KHAIR WELFARE SOCIETY** registered under social welfare, registration # DSW(154)-k, which comprises the statement of financial position as at June 30, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, in the manner so required and respectively give a true and fair view of the state of the Entity's affairs as at June 30, 2022, and of the profit and other comprehensive income, or the surplus, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with international standards on auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further describes in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the International Ethics Standards Board of Accountants, *Code of Ethics for Professional Accountants* as adopted by the Institute of Cost and Management Accountants, of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a





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material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a 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 Entity or to cease operations, or has no realistic alternative but to do so.

Board of directors / trustees are responsible for overseeing entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the statements of financial position as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan 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 as applicable in Pakistan, we exercise professional judgment

- Identify and assess the risks of material misstatement of the financial statement, 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 risks 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 entity'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





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entity'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 statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date our auditors report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of financial statement, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, 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.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Entity as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of entity's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is

Place: KARACHI

Dated: 27-07-2022

Afzal Imam (FCMA)

(COST AND MANAGEMENT ACCOUNTANTS)

M. AFZAL IMAM, F-1699
Proprietor AIMA Management Consultants
Certified Practitioner under Cost
and Management Accountant Act 1966

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**IDARA AL-KHAIR WELFARE SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property and equipment	4	100,164,999	89,050,783
Capital work in progress	5	13,655,095	7,360,998
		<u>113,820,094</u>	<u>96,411,781</u>
Current assets			
Advances and other receivable	6	22,750,997	15,943,706
Cash and bank balances	7	9,298,565	15,291,468
		<u>32,049,562</u>	<u>31,235,174</u>
TOTAL ASSETS		<u>145,869,656</u>	<u>127,646,955</u>
FUND AND LIABILITIES			
General Fund	8.1	145,364,236	127,258,732
Other Funds	8.2	307,067	77,395
		145,671,303	127,336,127
Current liabilities			
Supplier			
Accrued and other liabilities	8.3	198,353	310,828
Total Fund and Liabilities		<u>145,869,656</u>	<u>127,646,955</u>

M. Azhar
PRESIDENT

PRESIDENT



Z. Khan
TREASURER

TREASURER



IDARA AL-KHAIR WELFARE SOCIETY
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Receipts from Donors			
- Unrestricted	9	110,628,868	113,713,127
- Restricted		36,421,670	800,005
		147,050,538	114,513,132
PROGRAM EXPENSES			
- Unrestricted	10	(77,722,278)	(78,826,471)
- Restricted		(36,421,670)	(800,005)
		(114,143,948)	(79,626,476)
GENERAL AND ADMINISTRATIVE EXPENSES	11	(14,571,414)	(11,079,464)
Net Surplus for the year		<u>18,335,176</u>	<u>23,807,193</u>
Other income			-
Total comprehensive income		<u><u>18,335,176</u></u>	<u><u>23,807,194</u></u>

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

M. azhar

PRESIDENT



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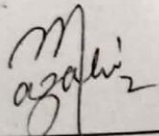
TREASURER



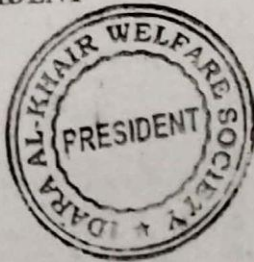
**IDARA AL-KHAIR WELFARE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

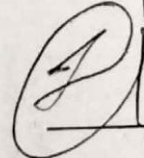
	2022 Rupees	2021 Rupees
CASHFLOWS FROM OPERATING ACTIVITIES		
Surplus for the period	18,335,176	23,807,192
Adjustment for non-cash items		
Depreciation	10,963,772	9,171,789
Operating surplus/(deficit) before working capital	<u>29,298,948</u>	<u>32,978,981</u>
Working capital changes:		
Increase/decrease in current assets	(6,747,090)	(6,569,500)
Increase/decrease in current liabilities	(112,475)	(5,685)
Net increase/(decrease) in working capital	22,439,383	26,403,796
Tax paid		(60,201)
Net cash used in operating activities	<u>22,439,383</u>	<u>26,343,595</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(28,357,530)	(13,562,990)
Net cash used in investing activities	<u>(28,357,530)</u>	<u>(13,562,990)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Increase/decrease	(74,755)	-
Restricted fund received	(74,755)	-
Net cash from financing activities	<u>(74,755)</u>	<u>-</u>
Net changes in cash and cash equivalents	(5,992,903)	12,780,605
Cash and cash equivalents at the beginning of the year	15,291,468	2,510,863
Cash and cash equivalents at the end of the year	<u>9,298,565</u>	<u>15,291,468</u>

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



PRESIDENT





TREASURER



4. FIXED ASSETS - At cost less accumulated depreciation (Idara Al Khair Welfare Society)
July 21 to June 22

PARTICULARS	COST			DEPRECIATION			W.D.V. As at 30-Jun-22	Rates %		
	As at 01-Jul-21	Additions	Disposal	As at 30-Jun-22	As at 01-Jul-21	Adjustment			For the year	As at 30-Jun-22
Buildings	58,023,231	7,360,998		65,384,229	35,573,195		6,538,423	42,111,618	58,945,805	10
Free hold land	14,054,220			14,054,220					14,054,220	
Computers	582,661	1,168,890		1,751,551	1,590,785		525,465	2,116,250	1,228,000	30
Fans	755,007	459,700		1,214,707	714,443		182,206	896,649	1,032,501	15
Furniture, fixtures & lab equipment	2,987,991	4,458,209		7,446,200	3,021,170		1,116,930	4,138,100	6,329,270	15
Generators	942,291			942,291	1,366,069		141,344	1,507,413	800,947	15
Lab Equipment	166,939	239,900		406,739	361,911		61,011	422,922	345,728	15
Library	807,551			807,551	457,125		121,133	578,258	686,418	15
Motor Vehicle	1,254,042	750,000	700,000	1,304,042	1,586,758		110,809	1,697,567	1,193,233	20
Photostat machine	82,108	70,402	35,402	117,108	51,892		17,566	69,458	99,542	15
Solar System	7,797,328	2,324,614		10,121,942	2,142,552		1,012,194	3,154,746	9,109,748	10
Medical Equipment	1,039,550	2,446,296		3,485,846	183,450		522,877	706,327	2,962,969	15
Water Cooler & Others	557,952	3,534,424		4,092,386	312,408		613,858	926,266	3,478,528	15
Rupees : 2022	89,050,781	22,813,433	735,402	111,128,812	47,361,756		10,963,816	58,325,574	100,164,999	
Rupees : 2021	73,431,483	24,791,088	735,402	98,222,571	3,189,970		9,171,790	47,361,758	89,050,781	

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1 LEGAL STATUS AND NATURE OF BUSINESS

Idara Al-Khair Welfare Society is an Non-Governmental Organization (NGO) and registered under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961 as a welfare agency on March 10,1987. The prime objective of the Society is to impart free of charge education by establishing schools and to provide economic assistance to widows, orphans and poor families to meet their medical and essential requirements, Its registered office is situated at 510/F.B Area, Karachi.

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of Compliance

These Financial Statements have been prepared in accordance with approved accounting Standards, as applicable in Pakistan. Approved accounting Standards comprise of Accounting And Financial Reporting Standards for Small-Sized Entities (SSEs) and Accounting Standards for Non for Profit Organizations issued by the institute of Chartered Accountants of Pakistan.

2.2 Significant Estimates

The Preparation of these financial statements in conformity with approved accounting standard requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that year, or in the year of the revision and any future year affected. Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.



2.2.1 Property and equipment

The Agency reviews the useful lives of property and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.2.2 Taxation

The Agency takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Agency's views differ from the views taken by the income tax department at the assessment stage and where the Agency considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Measurement

These financial statements have been prepared under the historical cost convention. Using accrual basis of accounting except for financial instruments which are stated at fair value.

3.2 Functional and Presentation Currency

Being the currency of the economic environment in which the Agency operates, the financial statements are prepared in Pak Rupees which is also the functional currency of the Agency.

3.3 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Agency has a legally enforceable right to set-off the recognized amounts and the Agency intends to settle either on a net basis or realize the asset and settle the liability simultaneously.



3.4 Accrued and Other Liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.5 Provisions

Provisions are recognized in the statement of financial position when the Agency has a legal or constructive obligation as a result of past events and it is probable that, outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made, However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

3.6 Trade Debts and other Receivables

Trade debts and other receivables are carried at original invoices amount less an estimate for doubtful receivables based on review of outstanding amounts at the year end. Balances which are irrecoverable are written off when identified.

3.7 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that is directly attributable to the acquisition of the assets. Depreciation is charged to statement of income and expenditure using the reducing balance method at the rate specified in note 4 to write off the cost of each asset over its estimated useful life without taking into accounts its residual value. Full year's depreciation is charged in the month of addition, while no depreciation is charged in the year of deletion. Maintenance and normal repairs are charged to revenue as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any are retired. Gains or losses on disposals of property and equipment are charged to the statement of income and expenditure.



3.8 Cash and Cash Equivalent

Cash and Cash equivalents includes cash in hand and cash at banks.

3.9 Foreign Currency Transactions

Foreign currency transactions are recorded in Pak Rupees at monthly average exchange rate. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the exchange rate prevailing at the statement of financial position date. Exchange differences are dealt with through the statement of income and expenditure.

3.10 Income Recognition

Income from donations are recognized on receipt basis. In-kind donations are recorded at their fair market value at the time of receipt. Funds received for restricted purposes are amortized to income and expense when related expenditure are incurred.

3.11 Taxation

Income of agency mainly comprises of donations and is subject to 100 percent tax credit under section 100 (C) of the Income Tax Ordinance, 2001. Accordingly no provision for taxation has been made in these accounts.



IDARA AL-KHAIR WELFARE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
5 CAPITAL WORK IN PROGRESS		
Opening work-in-progress	7,360,998	18,589,096
Addition during the year	13,655,095	7,360,998
Transfer to building	(7,360,998)	(18,589,096)
Closing work-in-progress	<u>13,655,095</u>	<u>7,360,998</u>
6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES		
Advances & deposits	21,492,090	15,300,105
Advance to staff	760,500	520,400
Advance other	498,407	63,000
Advance tax	-	60,201
	<u>22,750,997</u>	<u>15,943,706</u>
7 CASH AND BANK BALANCES		
Cash at bank- local currency	9,182,540	15,180,961
Cash at bank- foreign currency	106,371	106,371
Cash in hand	9,654	4,136
	<u>9,298,565</u>	<u>15,291,468</u>
8 FUND AND LIABILITIES	2022	2021
	Rupees	Rupees
8.1 General Fund	127,029,060	97,339,224
Transfer balance from Reserve		5,882,644
Surplus or (Deficit) for the period	<u>18,335,176</u>	<u>23,807,192</u>
TOTAL OWNER'S EQUITY	145,364,236	127,029,060
8.2 OTHER FUNDS		
Fund for Construction	-	-
Fund for Plot	-	-
Fund for Solar System	-	-
Fund for Vehicle	77,395	77,395
Fund for Generator/Water Cooler	229,672	229,672
TOTAL FUNDS	<u>307,067</u>	<u>307,067</u>
8.3 ACCRUED & OTHER LIABILITY		
Audit fee payable	60,000	60,000
Accrued liabilities	138,353	250,828
	<u>198,353</u>	<u>310,828</u>
9 INCOME - (RECEIPTS)		
Donations	74,207,198	112,594,437
Zakat	36,421,670	1,118,690

M. Azhar



**IDARA AL-KHAIR WELFARE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2022**

	<u>110,628,868</u>	<u>113,713,127</u>
Restricted	36,421,670	800,005
	147,050,538	114,513,132
10 EXPENSES		
Education	30,148,108	29,851,760
Food support	28,683,677	25,412,862
Financial support	11,678,665	22,018,222
Computer Courses	346,210	-
Sports	143,370	-
Health	5,239,076	649,687
Teacher training	1,483,172	893,940
	<u>77,722,278</u>	<u>78,826,471</u>
Restricted	-	-


	2022 Rupees	2021 Rupees
11 GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and wages	1,571,040	1,375,310
Legal and professional charges	1,736,960	328,000
Tax Withholding	60,201	-
Depreciation	10,963,815	9,171,789
Auditors remunerations	60,000	60,000
Bank charges	44,442	144,365
Taxation	134,956	-
	<u>14,571,414</u>	<u>11,079,464</u>

	Amortized cost	
	2022 (Rupees)	2021 (Rupees)
12 FINANCIAL INSTRUMENTS		
Financial assets		
Advances, deposits other receivables	22,750,997	15,943,706
Cash and bank balances	9,298,565	15,291,468
	<u>32,049,562</u>	<u>31,235,174</u>
Financial liabilities		
Accrued and other liabilities	198,353	310,828
	<u>198,353</u>	<u>310,828</u>

M. Zahid
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IDARA AL-KHAIR WELFARE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2022


TREASURER

PRESIDENT



M. azfar

