

04 SEP 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

We have audited the financial statements of **Vocational Welfare Society For Mentally Retarded (Registered) Karachi** (the "Society"), which comprise the statement of financial position as at 30<sup>th</sup>-June, 2018, the statement of income and expenditure for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of Vocational Welfare Society For Mentally Related (Registered) Karachi as at 30<sup>th</sup>-June, 2018 and its financial performance for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. 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 Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered 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.

The Society's management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society financial reporting process.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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







**SANDHU & CO.**

Chartered Accountants

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 Society'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 Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

  
  
Sandhu & Co.  
Chartered Accountants

**Mohammad Hussain Lakhani**


Date: 04 SEP 2018.  
Karachi.

**VOCATIONAL WELFARE SOCIETY  
FOR MENTALLY RETARDED (REGISTERED) KARACHI  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30,2018**

	Notes	2018	2017
		----- Rupees -----	
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	4	1,971,991	2,319,469
Deposit for assets		6,000	6,000
Investment in property		4,778,125	3,724,375
Rehabilitation & Research Centre		<u>2,650,409</u>	<u>-</u>
		<b>9,406,525</b>	<b>6,049,844</b>
<b>Currents Assets</b>			
Cash and bank balance	5	5,258,295	4,944,024
<b>Total assets</b>		<u><b>14,664,820</b></u>	<u><b>10,993,868</b></u>
<b>FUND AND LIABILITIES</b>			
<b>General fund</b>			
Opening balance		11,093,869	10,150,766
Rehabilitation & research centre		4,800,000	2,500,000
(Excess of expenditure over income) /excess of income over expenditure		1,182,497	(1,556,896)
		<b>17,076,366</b>	<b>11,093,869</b>
<b>Current liabilities</b>			
Accrued expenses		45,000	30,000
Loan from Mr.Zeeshan Siddiqui		173,454	-
		<b>218,454</b>	<b>30,000</b>
<b>Total funds and liabilities</b>		<u><b>17,294,820</b></u>	<u><b>11,123,869</b></u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

  
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**SECRETARY**

  
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**TREASURER**

**VOCATIONAL WELFARE SOCIETY  
FOR MENTALLY RETARDED (REGISTERED) KARACHI  
STATEMENT OF INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018	2017		Note	2018	2017
EXPENDITURE		----- Rupees -----		INCOME		----- Rupees -----	
Advertisement and publicity		666,968	221,960	Donation		9,340,146	6,603,691
Art and drawing program		355,060	383,589	Donation in kind		671,213	550,000
Academic education program		182,000	256,195	Zakat		5,933,630	5,681,408
Awareness program		-	131,000				
Audit fee		15,000	15,000			15,944,989	12,835,099
Bank charges		33,100	27,714				
Computer expense		59,165	49,190	Excess of expenditure over income		-	1,556,896
Conveyance		19,280	37,190				
Creative work program		23,820	195,000				
Donation		-	27,500				
Depreciation		347,478	409,954				
Electricity bill		126,661	96,163				
Entertainment expense		13,360	10,842				
Evening program		2,193,747	1,124,000				
Function expense		251,504	217,227				
Gardening expense		215,190	305,550				
Generator expense		160,372	50,100				
Health and nutrition		550,000	550,000				
Internet expense		12,500	27,110				
Miscellaneous expense		135,084	208,193				
Medical		10,125	90,111				
Physical therapy program		260,000	224,000				
Postage		364,571	46,131				
Photostat		39,378	53,330				
Research and development		1,969,750	1,707,100				
Printing and stationary		288,565	223,075				
Picnic		-	8,000				
Repair and maintenance - building		97,269	277,330				
Repair and maintenance - vehicle		230,785	166,125				
Skill development project		234,000	267,000				
Special education		546,000	452,000				
Staff salary		2,905,000	3,103,000				
Staff welfare		186,693	95,871				
School activities		-	226,000				
Spreading hope		310,490	60,000				
Spreading education		232,425	56,690				
Social expo		-	1,683,600				
Telephone expense		138,080	62,820				
Transportation account		988,121	901,561				
Training seminar		-	103,000				
Uniform		80,100	183,920				
Women empowerment program		507,633	-				
Zoo expense		13,218	57,854				
		<b>14,762,492</b>	<b>14,391,995</b>				
Excess of income over expenditure		<b>1,182,497</b>	<b>-</b>				
		<u><b>15,944,989</b></u>	<u><b>14,391,995</b></u>			<u><b>15,944,989</b></u>	<u><b>14,391,995</b></u>

The annexed notes from 1 to 8 form an integral part of these financial statements.

SECRETARY

TREASURER

**VOCATIONAL WELFARE SOCIETY  
FOR MENTALLY RETARDED (REGISTERED) KARACHI  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**1 STATUS AND NATURE OF BUSSINESS**

The Society was registered in Pakistan under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 on November 13, 1971.

The objectives of the Society is providing welfare and charitable services to the poor and needy people in Pakistan.

The registered office of the Society is situated at Adjacent, APWA College Compound ,Karimabad, F.B.Area, Karachi.

**2 BASIS OF PREPARATION**

**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 Revised Accounting and Financial Reporting Standard for Small-Sized Entities (SSEs)' issued by the Institute of Chartered Accountants of Pakistan.

**2.2 Basis of Measurement**

The accounts have been prepared under the historical cost convention

**2.3 Functional and Presentation Currency**

These financial statements are presented in Pakistan Rupee (PKR) which is the Society's functional currency.

**2.4 Use of Estimates and Judgments**

The preparation of these financial statements in conformity with the approved accounting standards 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 result of which form the basis of making the judgments about carrying values 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 the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where required assumptions and estimates are significant to the Society's financial statements or where judgment was exercised in application of accounting policies are as follows:

	<b>Note</b>
a) Useful lives of depreciable assets	<b>3.1</b>
b) Impairment of assets	<b>3.2</b>

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **3.1 Property, Plant and Equipment**

These are stated at cost less accumulated depreciation. Depreciation charge is based on the reducing balance method. Full year's depreciation is charge on additions during the year while no depreciation is charged on assets disposed off during the year.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as other operating income or expense. Maintenance and normal repairs are charged to income. Major renewals and improvements are capitalized.

Expenditure incurred subsequent to the initial acquisition of assets are capitalized only when it increases the future economic lives embodied in the items of property, plant and equipment.

#### **3.2 Impairment**

The carrying amount of the Society's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and accordingly an impairment loss is recognized in the profit and loss account for the carrying amount of the asset that exceeds its recoverable amount.

#### **3.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand and balances at banks which are subject to an insignificant risk of change in value.

#### **3.4 Trade payables, 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.

#### **3.5 Provisions**

A provision is recognized in the balance sheet when the Society has a legal or constructive obligation as a result of a past event, it is probable that an 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 balance sheet date and adjusted to current best estimate.

#### **3.6 Financial assets and liabilities**

Financial assets and financial liabilities are recognized when the Society becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

#### **3.7 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Society has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **3.8 Income recognition**

Income is recognised to the extent it is probable that the economic benefits will flow to the Society and the income can be measured reliably. Income is measured at the fair value of the consideration received or receivable.

#### 4 PROPERTY, PLANT AND EQUIPMENT

NAME OF THE ASSETS	W.D.V.AS ON 01.07.2017	ADDITION/ DELETION	TOTAL AS ON 30.06.2018	RATE	DEPRECIATION FOR THE YEAR	W.D.V.AS ON 30.06.2018
	-----Rupees-----			%	-----Rupees-----	
Building	73,924	-	73,924	10	7,392	66,532
Furniture	236,871	-	236,871	15	35,531	201,340
Educational Equipment	48,076	-	48,076	15	7,211	40,865
Office Equipment	19,557	-	19,557	15	2,934	16,623
Computer	21,052	-	21,052	30	6,316	14,736
Motor Vehicle	1,824,906	-	1,824,906	15	273,736	1,551,170
Water Cooler	25,942	-	25,942	15	3,891	22,051
Generator	788	-	788	15	118	670
Motor Cycle	61,464	-	61,464	15	9,220	52,244
Printer	636	-	636	30	191	445
Wheel Chairs	6,253	-	6,253	15	938	5,314
	<b>2,319,469</b>	<b>-</b>	<b>2,319,469</b>		<b>347,477</b>	<b>1,971,991</b>

Notes                      2018                      2017  
 ----- Rupees -----

**5 CASH AND BANK BALANCE**

Cash in hand	144,321	621,610
<b>Cash at bank:</b>		
- Current account	5,113,974	4,322,414
	<b>5,258,295</b>	4,944,024

**6 RELATED PARTY TRANSACTION**

The related parties comprise of entities over which the Trustees are able to exercise significant influence and key management employees. The Society has a policy whereby all transactions with related parties, are entered into at arm's length prices using the method as approved by the Board of Trustees. There were no transactions with the related parties at the year end.

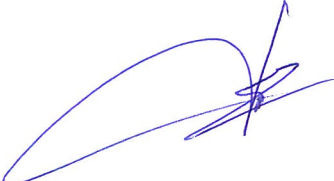
	2018	2017
Zeeshan Siddiqui	173,454	-

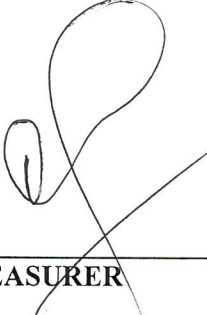
**7 DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the Board of Trustees in their meeting held on 04 SEP 2018

**8 GENERAL**

Figures have been rearranged and reclassified where necessary and have been rounded off to the nearest rupee.

  
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**SECRETARY**

  
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**TREASURER**