



RAZA SIDDIQI & CO.
CHARTERED ACCOUNTANTS



AUDITOR'S REPORT


We have audited the annexed Statement of financial position of **M/S Vocational Welfare Society For Mentally Retarded** as at June 30, 2021 and the related income and expenditure account, and notes to the financial statements together thereof (here-in-after referred to as financial statements) for the year then ended.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable accounting principal 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Our objectives are to check that the financial statements are prepared in accordance with the information and explanation provided to us and 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.

In our opinion and to the best of evidences and books of accounts provided to us, explanations given to us, the financial statements present fairly, in all material respects, the financial position of entity's affairs as at June 30, 2021 and its surplus for the year then ended.


Raza Siddiqui & Co.
Chartered Accountants
Karachi
Dated: December 1, 2021

VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

Note 2021 2020
 -----Rupees-----

ASSETS

Non current assets

Property, plant and equipment	4	7,999,634	8,614,597
Long term deposit		6,000	6,000
Investment in property		4,778,125	4,778,125
		12,783,759	13,398,722

Current assets

Cash and bank balance	5	6,173,651	2,314,545
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TOTAL ASSETS

18,957,410	15,713,267
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FUNDS AND LAIBILITY

General funds

Opening balance	12,962,967	9,052,357
Excess income over expenditure	3,891,786	3,910,610
	16,854,753	12,962,967

Research centre fund	-	300,000
Hunarmand program fund	933,457	-
	933,457	300,000

Current liabilities

Accrued expenses	1,169,200	2,450,300
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TOTAL EQUITY AND LIABILITIES

18,957,410	15,713,267
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The annexed notes from 1 to 7 form an integral part of these financial statements.



SECRETARY



TREASURER

VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
STATEMENT OF INCOME AND EXPENDITURE
FOR THE PERIOD JUNE 30, 2021

	2021 -----Rupees-----	2020		2021 -----Rupees-----	2020
EXPENDITURE			INCOME		
Advertisement and publicity	16,240	44,316	Donation income	9,821,677	10,026,408
Art and drawing program	265,864	156,000	Donation for hunarmand	1,058,593	-
Audit fee	21,600	23,200	Donation in kind	600,000	611,190
Computer expense	239,270	26,400	Zakat	5,223,500	3,316,850
Conveyance	8,400	2,409	Donation for therapy center	-	6,334,001
Creative work program	-	28,305		16,703,770	20,288,449
Bank charges	9,787	11,069			
Depreciation	985,467	1,071,391			
Electricity bill	250,000	85,396			
Entertainment expense	10,527	18,531			
Evening program	1,500,750	3,582,938			
Function expense	25,089	145,115			
Gardening expense	165,860	207,260			
Generator expense	23,404	47,983			
Health and nutrition	600,000	480,000			
Hunarmand program	1,058,593	-			
Internet expense	41,426	63,700			
Miscellaneous expense	118,660	278,967			
Medical expense	9,850	623			
Physical therapy program	-	90,000			
Postage expense	144,950	17,110			
Photostat expense	2,090	15,326			
Resource and development	988,090	1,477,500			
Printing and stationary	116,590	73,497			

Repair & maintenance - building	35,670	39,075
Repair and maintenance - vehicle	55,880	188,227
Skill development project	200,000	240,000
Special education	315,000	541,000
Staff salary	2,766,000	2,862,000
Staff welfare	110,954	62,962
Sports activities	-	25,000
Spreading hope	857,134	359,830
Spreading education	48,400	208,138
SDG's awareness	-	874,460
Subscription and membership fee	-	12,000
Therapy and rehabilitation center	313,700	969,164
Telephone expense	129,080	79,215
Transportation expense	874,899	989,560
Training seminar	-	11,130
Travelling expense	-	266,381
Uniform	-	174,170
Umeed care program	295,000	-
Girls empowerment program	177,240	506,000
Zoo expense	30,520	22,491
	12,811,984	16,377,839
Excess income over expenditure	3,891,786	3,910,610
	<u>16,703,770</u>	<u>20,288,449</u>

<u>16,703,770</u>	<u>20,288,449</u>
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The annexed notes from 1 to 7 form an integral part of these financial statements.



SECRETARY



TREASURER

VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 30, 2021

1 STATUS AND NATURE OF BUSINESS

Karachi Lions Club registered under the Societies Registration Act, XXI of 1860. and No So (IS-II)HD/NOC-76/2020 dated: 29-07-2020. The principle activity of this club is to help needy persons for Education, Health, upliftment of socially deprived persons and other activities under the scope of Karachi Lions Club. The registered office of the organization is situated at 1st Floor, Trade Towers, Opposite Hotel Metropole Abdullah Haroon road, Karachi-75530, Pakistan

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of Revised Accounting and Financial Reporting Standard for Small-sized Entities (SSE/s) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments held at fair value through profit or loss which are measured at fair value and as stated in respective policy notes.

These financial statements have been prepared under the accrual basis of accounting except for cash flow information.

2.3 Critical assumptions and estimates

The preparation of financial statements in conformity with 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 on-going 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 organization's financial statements or where judgment was exercised in application of accounting policies are as follows:

- a) Useful lives of depreciable assets
- b) Provision for taxation
- c) Impairment of assets

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

3.1 Property, plant and equipment

Property, plant and equipment including all additions are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 4 to the financial statements.

Full depreciation is charged in the year when the assets are acquired while no depreciation is charged in the year in which the asset is disposed off.

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. Gain and loss on disposal are taken to income.

The assets residual value and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. 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 Investments

Initial measurement

Investments are recognized initially at cost which is the fair value of the consideration given for it including transaction cost except for investment carried at fair value through profit and loss.

Subsequent measurement

The other investments made by the organization are classified for the purpose of measurement into the following categories:

Financial assets at fair value through profit or loss

Investments made for generating profit from short term fluctuation in prices, are measured at fair value and resulting gains and losses are included in the net profit and loss for the period.

Available for sale investments

These are the investments that do not fall under held for trading, loans and receivables or held to maturity and are stated at fair values, with any resultant gain or loss recognized as separate component of equity until investments are sold, disposed off or until the investments are determined to be impaired, at which time the accumulated gain or loss previously reported in equity is included in profit and loss account.

Held to maturity investments

Investments with fixed or determinable payments and fixed maturity that the organization has the positive intent and ability to hold to maturity, are measured at amortized cost.

Loans and receivable

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those that the organization intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the organization upon initial recognition designates as at fair value through income statement; (b) those that the organization upon initial recognition designates as available for sale; or (c) those for which the organization may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Subsequent to initial measurement loans and receivables are measured at amortized cost using the effective interest method. Gains/Losses arising on remeasurement of loans and receivables are taken to the income statement.

Gain or loss is also recognized in income statement when loans and receivables are derecognized or impaired, and through the amortization process.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the organization has transferred substantially all risks and rewards of ownership.

3.3 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the profit and loss account over the period of the borrowings on an effective mark-up basis.

3.4 Borrowing costs

Borrowing costs are interest or other costs incurred by the organization in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset is capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which they incurred.

3.5 Provisions

A provision is recognized in the balance sheet when the organization 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 Trade debts

Trade debts and other receivables are stated at cost less impairment losses, if any.

3.7 Trade and other payables

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

3.8 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any.

3.9 Revenue recognition

- Revenue is recognized when donation and charity are received.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and balances at bank which are subject to an insignificant risk of change in value.

3.11 Foreign currency translation

Transactions in foreign currencies are accounted for in rupee at the rate of exchange prevailing on the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the balance sheet date are expressed in rupee at rates of exchange prevailing on that 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 the transactions. Exchange differences are taken to the profit and loss account.

3.12 Presentation and functional currency

The financial statements are presented in Pak Rupees, which is the organization's functional and presentation currency.

3.13 Transactions with related parties

All transactions with related parties are carried out by the organization at arm's length price basis.

3.14 Financial assets and liabilities

Financial assets and financial liabilities are recognized when the organization 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.

3.15 Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the organization 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.

3.16 Impairment

The carrying amount of the organization'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.

4 PROPERTY, PLANT AND EQUIPMENT

Description	Written down value					
	As at July 1, 2020	Addition/ (Disposal)	As at 6/30/2021	Rate %	Depreciation For the year	As at 6/30/2021
	-----Rupees-----					
Building	53,891	-	53,891	10	5,389	48,502
Therapy and rehabilitation center	6,841,931	372,454	7,214,385	10	721,439	6,492,947
Furniture	213,277	75,000	288,277	15	43,242	245,035
Educational equipment	29,525	-	29,525	15	4,429	25,096
Office equipment	12,010	82,650	94,660	15	14,199	80,461
Computer	7,221	-	7,221	30	2,166	5,055
Air condition	112,710	-	112,710	15	16,907	95,804
Electronic equipment	20,591	50,400	70,991	15	10,649	60,342
Motor vehicle	1,120,720	(210,000)	910,720	15	136,608	774,112
Water cooler	15,932	-	15,932	15	2,390	13,542
Generator	144,984	-	144,984	15	21,748	123,236
Motor vehicle	37,746	-	37,746	15	5,662	32,084
Printer	218	-	218	30	65	153
Wheel chair	3,841	-	3,841	15	576	3,265
June 30, 2021	8,614,597	370,504	8,985,101		985,467	7,999,634
June 30, 2020	2,037,642	7,648,346	9,685,988		1,071,391	8,614,597

5 CASH AND BANK BALANCE

Cash in hand.	297,768	157,064
Cash at banks:		
Habib bank limited	2,356,294	493,594
Allied bank limited	2,963	2,963
Muslim commercial bank	3,516,626	1,660,924
	5,875,883	2,157,481
	6,173,651	2,314,545

6 DATE OF AUTHORIZATION

These financial statements were authorised for issue by the Board of Trustees in their meeting held on ~~01 DEC 2021~~

7 GENERAL

The figures have been rounded off to the nearest rupee.

SECRETARY

TREASURER