



INDEPENDENT AUDITOR'S REPORT

**To the members of Vocational Welfare Society For Mentally Retarded
Report on the Audit of the Financial Statements,**

Opinion

We have audited the annexed financial statements of Vocational Welfare Society For Mentally Retarded (the Society), which comprise the statement of financial position as at June 30, 2022 and the statement of income and expenditure, the statement of changes in fund 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, the accompanying financial statements present fairly, in all material respects give a true and fair view of the financial position of Vocational Welfare Society For Mentally Retarded as at June 30, 2022 and its financial performance for the year then ended in accordance with approved accounting and reporting standard as applicable in Pakistan .

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 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.

Responsibilities of Management 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 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 the governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities 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 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 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 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



Raza Siddiqui & Co.,
Chartered Accountants.

Date: 29 OCT 2022

Karachi.

UDIN: AR202210266P7KEkFjLM

VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		-----Rupees-----	
ASSETS			
Non current assets			
Property, plant and equipment	4	6,980,549	7,999,634
Long term deposit		-	6,000
Loan to staff		400,000	
Investment in property		2,378,125	4,778,125
		9,758,674	12,783,759
Current assets			
Cash and bank balance		5,508,998	6,173,651
TOTAL ASSETS		15,267,672	18,957,410
FUNDS AND LAIBILITY			
General funds			
Opening balance		16,854,753	12,962,967
Excess of income over expenditure		(2,577,881)	3,891,786
		14,276,872	16,854,753
Hunarmand program fund		-	933,457
Current liabilities			
Accrued expenses		990,800	1,169,200
TOTAL EQUITY AND LIABILITIES		15,267,672	18,957,410

The annexed notes from 1 to 7 form an integral part of these financial statements.


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**VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
STATEMENT OF CHANGES IN FUND
FOR THE PERIOD JUNE 30, 2022**

PARTICULARS	EXCESS OF INCOME OVER EXPENDITURE	TOTAL
Balance as on July 01, 2020	12,962,967	12,962,967
Surplus for the year	3,891,786	3,891,786
Balance as on june 30, 2021	16,854,753	16,854,753
Deficit for the year	(2,577,881)	(2,577,881)
Balance as on june 30, 2022	14,276,872	14,276,872

The annexed notes from 1 to 7 form an integral part of these financial statements.



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VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
STATEMENT OF INCOME AND EXPENDITURE
FOR THE PERIOD JUNE 30, 2022

EXPENDITURE	2022	2021	INCOME	2022	2021
	----Rupees----			-----Rupees-----	
Advertisement and publicity	184,930	16,240	Donation income	6,516,165	9,821,677
Art and drawing program	266,800	265,864	Donation for hunarmand	933,457	1,058,593
Audit fee	21,600	21,600	Donation in kind	600,000	600,000
Computer expense	82,957	239,270	Zakat	4,623,000	5,223,500
Conveyance	12,800	8,400		12,672,622	16,703,770
Creative work program	181,300	-			
Bank charges	2,636	9,787	Gain on sale of assets	450,000	-
Depreciation	847,070	985,467	Excess of expenditure over income	2,577,881	-
Electricity bill	-	250,000		<u>15,700,503</u>	<u>16,703,770</u>
Entertainment expense	14,660	10,527			
Evening program	1,050,000	1,500,750			
Function expense	186,600	25,089			
Gardening expense	201,980	165,860			
Generator expense	127,082	23,404			
Health and nutrition	600,000	600,000			
Hunarmand program	1,283,231	1,058,593			
Internet expense	62,200	41,426			
Miscellaneous expense	59,943	118,660			
Medical expense	-	9,850			
Postage expense	39,368	144,950			
Photostat expense	28,690	2,090			
Resource and development	1,198,000	988,090			
Printing and stationary	60,746	116,590			
Repair & maintenance - building	425,740	35,670			
Repair and maintenance - vehicle	250,860	55,880			
Skill development project	-	200,000			
Special education	1,028,500	315,000			
Staff salary	1,338,500	2,766,000			
Staff welfare	264,897	110,954			
Sports activities	126,700	-			
Spreading hope	221,500	857,134			
Spreading education	100,000	48,400			
SDG's awareness	158,610	-			
Therapy and rehabilitation center	1,588,500	313,700			
Telephone expense	134,879	129,080			
Transportation expense	931,254	874,899			
Training seminar	92,760	-			
Uniform	103,890	-			
Umeed care program	963,905	295,000			
Girls empowerment program	420,000	177,240			
Zoo expense	-	30,520			
Disposal of Assets	28,015	-			
Consultancy Fee	280,000	-			
Dastkaar Program	729,400	-			
	<u>15,700,503</u>	<u>12,811,984</u>			
Excess income over expenditure	-	3,891,786			
	<u>15,700,503</u>	<u>16,703,770</u>		<u>15,700,503</u>	<u>16,703,770</u>

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, 2022

1 STATUS AND NATURE OF BUSINESS

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

The Objective of the Society is providing welfare and charitable services to poor and needy.

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 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:

	Note
a) Useful lives of depreciable assets	3.1
b) Provision for taxation	3.8
c) Impairment of assets	3.16

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			Rate %	Depreciation	W.D.V
	As at July 1, 2021	Addition/Disposal	As at June 30, 2021		For the year	as at June 30, 2022
-----Rupees-----						
Building	48,502	-	48,502	10	4,850	43,652
Therapy and rehabilitation center	6,492,947	-	6,492,947	10	649,295	5,843,652
Furniture	245,035	-	245,035	15	36,755	208,280
Educational equipment	25,096	-	25,096	15	3,764	21,332
Office equipment	80,461	-	80,461	15	12,069	68,392
Computer	5,055	(5,055)	-	30	-	-
Air condition	95,804	-	95,804	15	14,371	81,433
Electronic equipment	60,342	-	60,342	15	9,051	51,291
Motor vehicle	774,112	(150,000)	624,112	15	93,617	530,495
Water cooler	13,542	(13,542)	-	15	-	-
Generator	123,236	-	123,236	15	18,485	104,751
Motor vehicle	32,084	-	32,084	15	4,813	27,271
Printer	153	(153)	-	30	-	-
Wheel chair	3,265	(3,265)	-	15	-	-
June 30, 2022	7,999,634	(172,015)	7,827,619		847,070	6,980,549
<i>June 30, 2021</i>	8,614,597	370,504	8,985,101		985,467	7,999,634

5 CASH AND BANK BALANCE

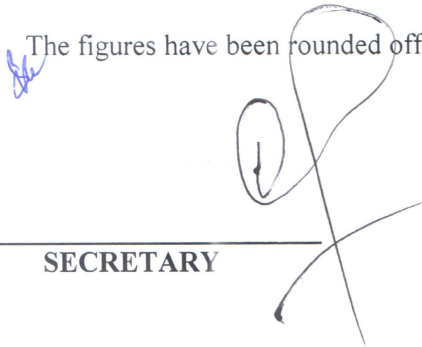
Cash in hand	304,864	297,768
Habib Metropolitan Bank	1,984,155	-
Habib bank limited	-	2,356,294
Allied bank limited	2,963	2,963
Muslim commercial bank	3,217,016	3,516,626
	5,508,998	6,173,651

6 DATE OF AUTHORIZATION

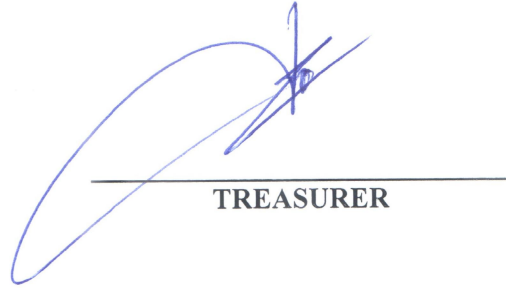
These financial statements were authorised for issue by the Board of Trustees in their meeting held on 29 OCT 2022

7 GENERAL

The figures have been rounded off to the nearest rupee.



SECRETARY



TREASURER