



KHALID & CO.
Chartered Accountants

Lahore Association Pakistan (Registered)
(Fukuoka School for Special Children)

Financial Statements for the Year Ended
June 30, 2018



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LAHORE ASSOCIATION
PAKISTAN (REGISTERED) (FUKUOKA SCHOOL FOR SPECIAL CHILDREN)**

Opinion

We have audited the financial statements of **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)**, which comprise the balance sheet as at **June 30, 2018**, and the income and expenditure account and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)** as at **June 30, 2018**, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standard for Not for Profit Organizations issued by the Institute of Chartered Accountants of Pakistan as applicable in Pakistan.

Basis for Opinion

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 **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)** 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 and those charged with governance for the financial statements

The members are 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 members determine 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, members are responsible for assessing the **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)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 **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)** 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



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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 **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)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 **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)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 **Lahore Association Pakistan (Registered) (Fukuoka School for Special Children)** 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.

Lahore
December 05, 2018
Engagement Partner: MUHAMMAD KHALID QAMAR



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Lahore Association Pakistan (Registered)
(Fukuoka School For Special Children)
Balance Sheet
As On 30 June 2018

	Note	2018 Rupees	2017 Rupees
NON-CURRENT ASSETS			
Property and Equipment	3	10,387,089	3,254,770
Long Term Investment	4	7,500,000	-
Long Term Security Deposits	5	10,000	10,000
		<u>17,897,089</u>	<u>3,264,770</u>
CURRENT ASSETS			
Accrued profit	6	244,000	249,356
Cash & Bank Balances	7	13,394,659	17,696,888
		<u>31,535,748</u>	<u>21,211,014</u>
TOTAL ASSETS			
CURRENT LIABILITIES			
Security Deposits from Employees		4,400	4,400
		<u>31,531,348</u>	<u>21,206,614</u>
NET ASSETS			
Represented by :			
Association Fund Account	8	31,531,348	21,206,614
Contingencies & Commitments	9	-	-
		<u>31,531,348</u>	<u>21,206,614</u>

The annexed notes from 1 to 14 form an integral part of these financial statements *u*

Wardah

Treasurer

Mumtaz

Principal

Imam

President

**Lahore Association Pakistan (Registered)
(Fukuoka School For Special Children)
Income and Expenditure Account
For the Year Ended 30 June 2018**

	Note	2018 Rupees	2017 Rupees
Incomes			
Donations		4,438,627	5,132,116
Contributions		185,350	177,350
Profit on Bank Deposits	10	1,024,324	1,043,906
Scrap sales		5,200	-
Grant from Embassy of Japan	11	8,435,754	-
		14,089,255	6,353,372
Expenditure			
Staff Salaries		1,759,602	1,558,019
Vehicle Running Charges		135,904	128,861
Utilities Bills		61,784	59,038
Repair & Maintenance		67,340	56,088
Conveyance		12,730	-
Postage and courier		2,566	-
Others		13,621	54,425
Stationery		7,232	31,359
Bank Charges		18,379	3,601
Withholding tax		44,702	-
Depreciation	3.1	1,640,661	374,370
		3,764,521	2,265,761
Surplus for the year before taxation		10,324,734	4,087,611
Taxation	12	-	-
Surplus for the year transferred to Fund account		10,324,734	4,087,611

The annexed notes from 1 to 14 form an integral part of these financial statements *u*

Wardah

Treasurer

Munawar

Principal

Imam

President

Lahore Association Pakistan (Registered)
(Fukuoka School For Special Children)
Cash Flow Statement
For the Year Ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Surplus as per Income and Expenditure Account		10,324,734	4,087,611
Add: Adjustments for Non- cash items :			
Depreciation	3	1,640,661	374,370
Net Cash Flow from operating activities before working capital changes		11,965,395	4,461,981
Decrease/(Increase) in operating assets		-	-
Accrued profit		5,356	(249,356)
Net Cash Flow from operating activities		11,970,751	4,212,625
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets		(8,772,980)	-
Funds invested in TDR in FINCA Bank		(7,500,000)	-
Net cash outflow from investing activities		(16,272,980)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in Cash and Cash Equivalents		(4,302,229)	4,212,625
Cash and Cash Equivalents at beginning of the Year		17,696,888	13,484,263
Cash and Cash Equivalents at the end of the Year	6	<u>13,394,659</u>	<u>17,696,888</u>

The annexed notes from 1 to 14 form an integral part of these financial statements *W*

Warden

Treasurer

Munawar

Principal

Shoukat

President

**Lahore Association Pakistan (Registered)
(Fukuoka School For Special Children)**

Notes to the Financial Statements For the Year Ended 30 June 2018

1. The Association and its activities

Lahore Association Pakistan ("the Association") was registered on November 29, 1992 in Lahore under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961. The registered office of the association is located at 248-C, Punjab Co-operative Housing Society (PCHS), Lahore Cantt. The principal activity of the association is to provide free education to mentally handicapped children.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the " Guideline for Accounting and Financial Reporting by Non-Government Organisations (NGOs)/ Non-Profit Organisations (NPOs)", issued by the Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.3 Property and equipment

Property and equipment, except freehold land, are stated at cost less accumulated depreciation. Freehold land is stated at cost. Cost includes purchase cost and any incidental expenses of acquisition. Depreciation on property, plant and equipment is charged to income & expenditure account using diminishing balance method.

Depreciation on additions to assets is charged from the year in which an asset is acquired or capitalized while no depreciation is charged for the year in which the asset is disposed off.

Gains / losses on sale of property and equipment are credited / charged to the profit and loss account.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

2.4 Income recognition

Income is recognized when it is probable that economic benefits will flow to the entity and the income can be measured reliably. Zakat and donations are recognized when received. Return on saving account and Term Deposits Receipts are recognized when credited to account by Bank. *W*

Lahore Association Pakistan (Registered)
(Fukuoka School For Special Children)
Notes to the Financial Statements For the Year Ended 30 June 2018

3 Property and Equipment

PARTICULARS

PARTICULARS	Cost			Rate %	Depreciation			W.D.V as at 30th June 2018
	July 01, 2017	Additions	Disposal		June 30, 2018	Provided for the year	Disposal	
	-----Rupees-----							
Land	700,000	-	-	-	-	-	-	700,000
Building	2,584,883	-	-	10%	2,584,883	117,004	-	1,531,849
Furniture & Fixtures	560,999	-	-	15%	560,999	32,965	-	374,200
Teaching Equipment	177,708	22,000	-	15%	199,708	5,601	-	167,972
Solar Panels	180,350	-	-	15%	180,350	19,545	-	110,757
Security equipments	69,800	22,440	-	15%	92,240	10,931	-	61,939
Crockery	2,095	-	-	15%	2,095	26	-	1,945
Vehicles	2,324,580	8,728,540	-	15%	11,053,120	1,454,589	-	2,810,446
	6,600,415	8,772,980	-		15,373,395	1,640,661	-	4,986,306
June 30, 2018								10,387,089

PARTICULARS

PARTICULARS	Cost			Rate %	Depreciation			W.D.V as at 30th June 2017
	July 01, 2016	Additions	Disposal		June 30, 2017	Provided for the year	Disposal	
	-----Rupees-----							
Land	700,000	-	-	-	-	-	-	700,000
Building	2,584,883	-	-	10%	2,584,883	130,004	-	1,414,845
Furniture & Fixtures	560,999	-	-	15%	560,999	38,782	-	341,235
Teaching Equipment	177,708	-	-	15%	177,708	2,707	-	162,371
Solar Panels	180,350	-	-	15%	180,350	22,995	-	130,302
Security equipments	69,800	-	-	15%	69,800	8,900	-	50,430
Crockery	2,095	-	-	15%	2,095	31	-	1,919
Vehicles	2,324,580	-	-	15%	2,324,580	170,951	-	1,355,857
	6,600,415	-	-		6,600,415	374,370	-	3,345,645
June 30, 2017								3,254,770

Lahore Association Pakistan (Registered)
(Fukuoka School For Special Children)
Notes to the Financial Statements For the Year Ended 30 June 2018

4 Long Term Investments

It represents amount invested on 14th June 2018 with FINCA Microfinance Bank Limited in "Tahaffuz Term Deposit Receipts" for a period of three years. Term deposit will mature on 14 June 2021. It carries rate of return of 9% per annum.

5 Long Term Security Deposits

It represents amount paid as security by the Association to M/s Sui Northern Gas Pipelines Limited.

6 Accrued Income

It represents amount of profit on funds deposited of Rs. 8,000,000/- with Sindh Bank Ltd. as term deposit for 12 months period to be ended on 5th. January 2019.

7 Cash and Bank Balances

	Note	2018 Rupees	2017 Rupees
Cash in Hand		39,675	3,648
Cash with Banks:			
- in saving accounts		5,354,984	9,693,240
- in term deposit account	7.1	8,000,000	8,000,000
		13,354,984	17,693,240
		13,394,659	17,696,888

7.1 It represents amount invested on 5th. January 2018 with Sindh Bank Limited in Fixed Deposit for one year period. Term deposit will mature on 5th January 2019. It carries expected profit rate of 6.1% per annum.

8 Association Fund Account

Opening Balances	21,206,614	17,119,003
Add: Surplus transferred from the I & E account	10,324,734	4,087,611
	31,531,348	21,206,614

9 Contingencies and Commitments

No Contingencies and Commitments are outstanding in the name of Lahore Association Pakistan (Fukuoka School For Special Children) as on 30 June 2018.

10 Profit on Bank Deposits

Profit on Bank Saving Accounts	294,546	294,546
Profit on Term Deposit Receipts	749,360	749,360
	1,043,906	1,043,906

Lahore Association Pakistan (Registered)
(Fukuoka School For Special Children)
Notes to the Financial Statements For the Year Ended 30 June 2018

11 Grant from Embassy of Japan

It represents grant received from the Embassy of Japan in the Islamic Republic of Pakistan under Grant Assistance for Grassroots Human Security Projects (GGP) amounting to Rs. 8,435,754/- (US Dollars 80,236/-) for purchase of 'Toyota Coaster High Roof 29-Seater Van.

12 Taxation

No provision for income tax is made in the financial statements for the reason that association is a non-profit organisation certified by Pakistan Centre for Philanthropy, Islamabad and is established for the welfare of mentally disabled children. The income of the same shall be allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable under any of the provisions of Income Tax Ordinance, 2001.

13 Date of Authorization

These financial statements were authorized for issue by the Board of Trustees of the association on 04 DEC 2018.

14 General

- 14.1 Figures have been rounded off to the nearest rupee.
- 14.2 Previous year figures where-ever necessary, have been re-arranged/reclassified, for the purpose of comparison. However no material re-arrangements have been made. *W*

Wardak

Treasurer

Mumtaz

Principal

Imam

President