

## **Independent Auditor's Report to the Board of Governance**

### **Opinion**

We have audited the financial statements of the Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons (here-in-after referred to as "The Association") which comprise of statement of financial position as at June 30, 2022, income and expenditure statement, statement of changes in funds and statement of cash flows for the year then ended, along with 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, financial position of the Association as at June 30, 2022, and its financial performance, and its cash flows for the year then ended in accordance with approved accounting and reporting standards 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 Association in accordance with the International Ethic Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan, 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 Board and Those Charged with Governance for the Financial Statements**

The Board 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 controls as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

#### **Lahore Office**

175 C OPF Housing Scheme,  
Khayaban-e-Jinnah Road, Lahore  
Tel (+92) 42 35230559

#### **Multan Office**

Suit 198-199, First floor, Block A,  
Model Town Commercial Area, Multan  
Tel (+92) 61 6222001-2

## Auditor's Responsibilities for the Audit of the Financial Statement

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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of Board'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 Association'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 Association 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.

Rahat Aqeel and Co *Rahat Aqeel & Co.*  
Chartered Accountants

Engagement Partner: Mr. Aqeel Zahid

Date: 28 Dec 2022

Place: Multan

UDIN: AR 2022 10601 PC NY GK EVS

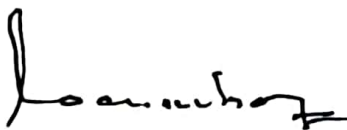


LAHORE ASSOCIATION PAKISTAN  
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2022

	Note	2022 .....Rupees.....	2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property plant and equipment	4	5,897,926	6,770,050
Long term investments	5	28,300,000	4,000,000
Long term security deposits	6	10,000	10,000
		<b>34,207,926</b>	<b>10,780,050</b>
<b>CURRENT ASSETS</b>			
Short term investments	7	4,000,000	17,500,000
Advance Income tax	8	267,903	88,320
Cash and bank balances	9	21,836,630	21,992,832
		<b>26,104,533</b>	<b>39,581,152</b>
<b>TOTAL ASSETS</b>		<b>60,312,459</b>	<b>50,361,202</b>
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	10	241,852	242,165
<b>NET ASSETS</b>		<b>60,070,607</b>	<b>50,119,037</b>
<b>REPRESENTED BY:</b>			
General fund		46,964,208	44,512,638
Restricted fund		13,106,399	5,606,399
		<b>60,070,607</b>	<b>50,119,037</b>
Contingencies & commitments	11	-	-

The annexed notes from 1 to 16 form and integral part of these financial statements.

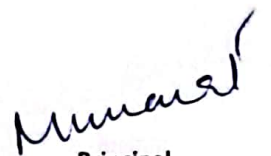
*Per*



President



Treasurer



Principal



**LAHORE ASSOCIATION PAKISTAN  
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
Note	.....Rupees.....	
<b>INCOME</b>		
Donations	9,202,146	8,917,382
Contributions	199,100	111,000
Other Income	4,553,535	3,709,422
<b>12</b>	<b>13,954,781</b>	<b>12,737,804</b>
<b>EXPENDITURE</b>		
Staff salaries	2,251,376	2,171,585
Vehicle running expenses	415,222	224,212
Utility charges	159,982	113,919
Repair and maintenance expenses	148,725	151,790
Postage, printing and stationery	16,668	5,530
Bank charges	-	1,470
Insurance expenses	-	118,902
Legal and professional charges	-	4,400
Audit fee	50,000	48,400
Depreciation	872,124	1,021,012
Other expenses	89,114	19,564
<b>13</b>	<b>4,003,211</b>	<b>3,880,784</b>
Surplus for the year before taxation	9,951,570	8,857,021
Taxation	-	-
<b>14</b>	<b>9,951,570</b>	<b>8,857,021</b>
Surplus after tax for the year	9,951,570	8,857,021
Transferred to restricted fund	(7,500,000)	-
Surplus after tax for the year transferred to association fund account	<u>2,451,570</u>	<u>8,857,021</u>

The annexed notes from 1 to 16 form and integral part of these financial statements.

  
President

  
Treasurer

  
Principal

**LAHORE ASSOCIATION PAKISTAN  
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	.....Rupees.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before tax	9,951,570	8,857,021
<b>Adjustments for non-cash income and expenses:</b>		
Depreciation	872,124	1,021,012
<b>Cash flow before working capital changes</b>	<u>10,823,694</u>	<u>9,878,033</u>
<b>Changes in working capital:</b>		
<b>(Increase) / decrease in current assets</b>		
Advance income tax	(179,583)	(81,184)
<b>Increase / (decrease) in current liabilities</b>		
Accrued & other liabilities	(313)	27,239
	<u>(179,896)</u>	<u>(53,945)</u>
<b>Net cash generated from operating activities</b>	<u>10,643,798</u>	<u>9,824,088</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Realization of term deposit receipts	17,500,000	-
Investment in term deposit receipts	(28,300,000)	-
<b>Net cash used in investing activities</b>	<u>(10,800,000)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Restricted funds received	-	-
<b>Net cash generated from financing activities</b>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(156,202)	9,824,088
Cash and cash equivalents at the beginning of the year	21,992,832	12,168,744
<b>Cash and cash equivalents at the end of the year</b>	<u><u>21,836,630</u></u>	<u><u>21,992,832</u></u>

The annexed notes from 1 to 16 form and integral part of these financial statements.

*for*

  
President

  
Treasurer

  
Principal

LAHORE ASSOCIATION PAKISTAN  
 FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
 STATEMENT OF CHANGES IN FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

Description	General fund	Surplus for the year	Sub total	Restricted fund	Total
	.....Rupees.....				
Balance as at July 01, 2020	31,531,348	4,124,269	35,655,617	5,606,399	41,262,016
Surplus for the year	-	8,857,021	8,857,021	-	8,857,021
Balance as at June 30, 2021	<u>31,531,348</u>	<u>12,981,290</u>	<u>44,512,638</u>	<u>5,606,399</u>	<u>50,119,037</u>
Balance as at July 01, 2021	31,531,348	12,981,290	44,512,638	5,606,399	50,119,037
Surplus for the year	-	2,451,570	2,451,570	7,500,000	9,951,570
Balance as at June 30, 2022	<u>31,531,348</u>	<u>15,432,860</u>	<u>46,964,208</u>	<u>13,106,399</u>	<u>60,070,607</u>

The annexed notes from 1 to 16 form and integral part of these financial statements.



  
 President

  
 Treasurer

  
 Principal

**LAHORE ASSOCIATION PAKISTAN  
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1 The Association and its activities**

Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons ("the Association") formerly named as Lahore Association Pakistan (Registered) Fukuoka School for Special Children, was registered with Directorate of Social Welfare, Government of the Punjab on 29th November 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 education to mentally handicapped persons. The association at its registered office is running school for special children in the name and style of Fakuoka School for Special Children.

**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. The accounting and reporting standards applicable in Pakistan comprise of Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan and Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) 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.

**2.3 Presentation and functional currency**

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Entity's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

**2.4 Accounting estimates and judgments**

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment
- Provision for impairment of inventories
- Impairment loss of non-financial assets other than inventories
- Provision for doubtful trade receivables
- Estimation of provisions
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses)

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is 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.



**LAHORE ASSOCIATION PAKISTAN  
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**3 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**

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 reducing balance method. Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off. Gains/ losses on sale of property and equipment are credited/ charged to the income & expenditure 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 benefit 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 income & expenditure account.

**3.2 Investment**

Investment is accounted for at cost less any accumulated impairment losses. Profit from investments is recognized as other income in the statement of income and expenditure when the company's right to receive payment has been established.

**3.3 Cash and cash equivalents**

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and cheques in hand.

**3.4 Trade and other payables**

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

**3.5 Funds**

**General Fund**

Surplus arising on un-restricted funds is recognized in general fund.

**Restricted Fund**

Restricted fund is established by the management of the entity for conducting specific projects. Donations received or receivable for these projects are recognized as income in statement of income and expenditure. Surplus/deficit (if any) for the year is transferred to general fund. On completion of these projects, remaining surplus (if any) from restricted funds, may be reimbursed to donor or transferred in to general funds at the discretion of donor and management of the entity.



LAHORE ASSOCIATION PAKISTAN  
 FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS AT JUNE 30, 2022

4 Property Plant And Equipment

	LAND	BUILDING	FURNITURE AND FIXTURES	OFFICE EQUIPMENT	OWNED VEHICLES	Total
	.....Rupees.....					
Cost	700,000	2,584,883	560,999	474,393	11,053,120	15,373,395
Accumulated depreciation	-	(1,817,221)	(446,281)	(348,755)	(5,991,088)	(8,603,345)
<b>Carrying amount as at July 01, 2021</b>	<b>700,000</b>	<b>767,662</b>	<b>114,718</b>	<b>125,638</b>	<b>5,062,032</b>	<b>6,770,050</b>
Additions	-	-	-	-	-	-
Disposals- carrying amount	-	-	-	-	-	-
Depreciation charge for the year	-	76,766	17,208	18,846	759,305	872,124
<b>Carrying amount as at June 30, 2022</b>	<b>700,000</b>	<b>690,896</b>	<b>97,510</b>	<b>106,792</b>	<b>4,302,727</b>	<b>5,897,926</b>
The carrying amount as at June 30, 2022 is aggregate of:						
Cost	700,000	2,584,883	560,999	474,393	11,053,120	15,373,395
Accumulated depreciation	-	(1,893,987)	(463,489)	(367,601)	(6,750,393)	(9,475,469)
	<b>700,000</b>	<b>690,896</b>	<b>97,510</b>	<b>106,792</b>	<b>4,302,727</b>	<b>5,897,926</b>
<b>Rate of depreciation per annum</b>	<b>-</b>	<b>10%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	

**LAHORE ASSOCIATION PAKISTAN  
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT JUNE 30, 2022**

	Note	2022 .....Rupees.....	2021
<b>5 LONG TERM INVESTMENT</b>			
Investment in TDR	5.1	<u>28,300,000</u>	<u>4,000,000</u>
		<u>28,300,000</u>	<u>4,000,000</u>
5.1 It represents amount invested with FINCA Microfinance Bank Limited in "Tahaffuz Term Deposit Receipts (TDR's)" for a period of three years. Profit on these TDR's is paid on monthly basis. Following are the details of TDR's:			
TDR's:	Maturity Date	Rate Of Return	
Tahaffuz Term Deposit Receipts	20-Jun-25	14.50%	8,300,000
Tahaffuz Term Deposit Receipts	20-Jun-25	14.50%	10,000,000
Tahaffuz Term Deposit Receipts	20-Jun-25	14.50%	10,000,000
Tahaffuz Term Deposit Receipts	10-Aug-22	13.45%	-
			<u>4,000,000</u>
			<u>28,300,000</u>
			<u>4,000,000</u>
5.2 Term Deposit Receipts having maturity within twelve months have been transferred from long term to short term investment.			
<b>6 LONG TERM SECURITY DEPOSIT</b>			
	6.1	<u>10,000</u>	<u>10,000</u>
		<u>10,000</u>	<u>10,000</u>
6.1 It represent amount paid as security by Association to M/S Sui Northern Gas Pipelines Ltd.			
<b>7 SHORT TERM INVESTMENTS</b>			
Investment in TDR		<u>4,000,000</u>	<u>17,500,000</u>
		<u>4,000,000</u>	<u>17,500,000</u>
7.1 It represents amount invested with FINCA Microfinance Bank Limited in "Tahaffuz Term Deposit Receipts (TDR's)" for a period of three years. Profit on these TDR's is paid on monthly basis. Following are the details of TDR's:			
	Maturity Date	Rate Of Return	
Tahaffuz Term Deposit Receipts	10-Aug-22	13.45%	4,000,000
			<u>17,500,000</u>
			<u>4,000,000</u>
			<u>17,500,000</u>
<b>8 Advance Income tax</b>			
Advance Income tax		<u>267,903</u>	<u>88,320</u>
		<u>267,903</u>	<u>88,320</u>
<b>9 Cash and bank balances</b>			
Cash in hand		591	8,918
Cash at bank			
-Saving Account		<u>21,836,039</u>	<u>21,983,913</u>
		<u>21,836,630</u>	<u>21,992,831</u>

**LAHORE ASSOCIATION PAKISTAN  
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT JUNE 30, 2022**

	Note	2022 .....Rupees.....	2021
<b>10</b>	<b>Accrued and other liabilities</b>		
	Accrued liabilities	241,852	242,165
		<u>241,852</u>	<u>242,165</u>
<b>11</b>	<b>Contingencies &amp; commitments</b>		
	No Contingencies and Commitments are outstanding in the name of Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons as on 30 June 2022 (2021: nil).		
<b>12</b>	<b>Other Income</b>		
	Profit on TDR	1,820,519	3,171,258
	Profit on Saving Account	2,733,016	538,164
		<u>4,553,535</u>	<u>3,709,422</u>
<b>13</b>	<b>Utility charges</b>		
	Utilities bills-expense	123,888	113,919
	PTCL bills-expense	30,030	
		<u>153,918</u>	<u>113,919</u>
<b>14</b>	<b>Taxation</b>		
	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 Association shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of Income Tax Ordinance 2001.		
<b>15</b>	<b>Date Of Authorisation</b>		
	These financial statements were authorized and approved for issue by the Board of Trustees of the Association on <u>27 December 2022</u>		
<b>16</b>	<b>General</b>		
	<b>16.1</b> Figures have been rounded off to the nearest of rupee		
	<b>16.2</b> Corresponding figures have been re-arranged/re-classified wherever necessary for better presentation however, no significant re-classification has been made.		

*Signature*

*Signature*  
President

*Signature*  
Treasurer

*Signature*  
Principal