

PAK AID WELFARE TRUST

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

**SOHAIL AHMED & CO.
CHARTERED ACCOUNTANTS**

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Chartered Accountants

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Plot No. C-3-C, Khayaban-e-Saadi. DHA, Phase VII, Karachi.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

Opinion

We have audited the accompanying financial statements of **Pak Aid Welfare Trust** (the 'Trust'), which comprise of the statement of financial position as at June 30, 2018, and the statement of comprehensive income / income and expenditure account, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, give a true and fair view of the financial position of the Trust as at June 30, 2018, 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 Trust 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.

Trustee's Responsibility for the Financial Statements

The Board of Trustees of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the Approved accounting standards as applicable in Pakistan, and for such internal control as the Board of Trustees 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, Trustees are responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust financial reporting process.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Governors, as well as evaluating the overall presentation of the financial statements.



SOHAIL AHMED & CO.
CHARTERED ACCOUNTANTS
KARACHI: March 05, 2019



PAK AID WELFARE TRUST
Statement of Financial Position
As at June 30, 2018

	Note	2018 -----Rupees-----	2017
ASSETS			
<i>Non Current Assets</i>			
Property , plant and equipment	4	184,215	43,579
Intengibles Assts	5	112,000	-
		<u>296,215</u>	<u>43,579</u>
<i>Current Assets</i>			
Advance, deposits and other receivables	6	472,628	621,022
Cash and bank balances	7	4,593,030	2,659,278
		<u>5,065,658</u>	<u>3,280,300</u>
Total Assets		<u><u>5,361,873</u></u>	<u><u>3,323,879</u></u>
FUNDS AND LIBILITIES			
<i>General Fund</i>			
General Funds		5,125,982	3,120,979
<i>Current Liabilities</i>			
Accrued and other payables	8	235,891	202,900
Total Funds and liabilities		<u><u>5,361,873</u></u>	<u><u>3,323,879</u></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


 Chairman


 Finance Secretary



PAK AID WELFARE TRUST

Statement of Income or Expenditure and Other Comprehensive Income

For the year ended June 30, 2018

		2018	For 2 month period from 10 May to June 30, 2017
	Note	-----Rupees-----	
INCOME	9	12,538,501	5,464,706
EXPENDITURE			
Direct welfare expenses	10	(8,912,242)	(1,824,191)
General and administrative expenses	11	(1,621,256)	(519,536)
Total Expenditure		<u>(10,533,498)</u>	<u>(2,343,727)</u>
Surplus for the Year		2,005,003	3,120,979
Other comprehensive income		-	-
Total comprehensive surplus for the year		<u><u>2,005,003</u></u>	<u><u>3,120,979</u></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.




Chairman


Finance Secretary

PAK AID WELFARE TRUST
Statement of Change in Funds
For the year ended June 30, 2018

	General Funds
	Rupees
Balances as at May 10, 2017	-
Surplus for the period ended June 30, 2017	3,120,979
Balance as at June 30, 2017	<u>3,120,979</u>
Surplus for the year ended June 30, 2018	2,005,003
Balance as at June 30, 2018	<u><u>5,125,982</u></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.





Chairman



Finance Secretary

PAK AID WELFARE TRUST
Cash Flow Statements
For the year ended June 30, 2018

	2018	For 2 month period from 10 May to June 30, 2017
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	2,005,003	3,120,979
Adjustments for :		
Depreciation	35,744	1,671
Amortizaion	28,000	-
	<u>2,068,747</u>	<u>3,122,650</u>
Working capital changes:		
(Increase) / decrease in current assets	-	-
Advance, deposits and other receivables	178,001	(621,022)
(Decrease) / Increase in accrued liabilities	32,991	202,900
	210,992	(418,122)
Taxes paid	(29,607)	-
Net cash (used in) / generated from operating activities	<u>2,250,132</u>	<u>2,704,528</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(176,380)	(45,250)
Intangible Assets	(140,000)	-
Net cash used in investing activities	<u>(316,380)</u>	<u>(45,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) / Increase in cash and cash equivalents	1,933,752	2,659,278
Cash and cash equivalents at the beginning of the year	2,659,278	-
Cash and cash equivalents at the end of the year	<u>4,593,030</u>	<u>2,659,278</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.



Chairman



Finance Secretary



PAK AID WELFARE TRUST
Notes to the Financial Statements
For the year ended June 30, 2018

1. LEGAL STATUS AND OPERATIONS

1.1 Pak Aid Welfare Trust (the "Trust") was registered on 3rd May 2017 under the Registration of Trust Act, 1882 and started its operation from May 10, 2017. The registered office of the Trust is situated at Office 4, 2nd Floor, MB City Mall Plaza, I - 8 Markaz, Islamabad, Pakistan.

1.2 The aim and objective of the Trust is to establish, run, support and grant aid or other financial assistance to educational institutions, hospitals, dispensaries, maternity homes, child welfare centers, vocational centers, madrasah and such other similar charitable organizations for the benefit and use of general public without any distinction as to caste, color, race, creed or sex.

To secure, receive, accept and manage funds, donations and any other properties to utilize them for the aim of Trust.

1.3 Matter of Emphasis

The management of the Trust is in process to grant approval as a Non Profitable Organization (NPO) under section 2(36) of the Income Tax Ordinance from tax authorities but not yet approved till the finalization of these accounts. However the management is very positive and assured for approval.

In case of any adverse situation surplus fund of the Trust will be subject to normal tax and a tax liability of Rs. 581,450 and Rs. 312,098 for current year and previous period respectively may be incurred.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These accounts have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved Accounting Standards comprise of Accounting Standard for Small Sized Entities (SMEs) for Non Profitable Organization (NPOs), issued by Institute of Chartered Accountant of Pakistan (ICAP), Accounting Financial Reporting Standard for Small Sized Entities (AFRS for SSEs) as are notified by Securities and Exchange Commission of Pakistan (SECP).

2.2 Accounting convention and basis

These financial statements have been prepared under the historical cost convention except otherwise stated in these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is also the functional currency of the Company.

2.4 Use of estimates and judgment

The preparation of financial statements is in conformity with Accounting & Financial Reporting Framework for Small-Sized Entities which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Trust's accounting policies.



PAK AID WELFARE TRUST

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas involving higher degree of judgment or complexity are as follows:

- i) Useful life and residual value assessment of operating fixed assets
- ii) Allowance for impairment.
- iii) Classification of investments.
- vi) Provision against trade debts

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property, plant and equipment

These are initially recognized at cost except assets received as donation in kind recognized at fair market value. Subsequently the cost of operating assets are stated at cost less accumulated depreciation and impairment, 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 3 of the accounts. Full month's depreciation is charged from the month in which asset is purchased while no depreciation is charged from the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewal and improvements are capitalized and assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are recognized in income currently.

3.2 Impairment

The Trust assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists the Trust makes an estimate of the assets' recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

3.3 Advances, deposit and prepayments

These are recognized and stated at cost less provision for doubtful balances, if any.

3.4 Cash and bank balances

Cash in hand and at banks are carried at cost. For the purposes of cash flow statement, cash and cash equivalent consists of cash in hand and balances with bank net of borrowing not considered to be in nature of financing activities.



PAK AID WELFARE TRUST

3.5 Revenue recognition

Income is recognized to the extent it is probable that the economic benefits will flow to the Trust and the income can be measured reliably. Income is measured at fair value of the consideration received and is recognized on the following basis:

- Donations in cash are recognized as and when received.
- Donation in kind are recognized when the title, possession and control is transferred to the Trust. These are recorded at estimated value on the basis of prevailing market prices.
- Other income are recognized on receipts basis.

3.6 Provisions

A provision is recognized in balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.7 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Trust becomes party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Trust loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on recognition/derecognition of the financial liabilities is taken to income and expenditure account currently.

3.8 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 Company has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.10 Related party transactions

Transactions with related parties is based at arm's length using normal commercial rates on the same terms and conditions as third party transactions.

4 PROPERTY, PLANT AND EQUIPMENT

Operating Fixed Assets

Description	COST			Rate	DEPRECIATION			W.D.V
	As at July 01, 2017	Additions/(Disposals)	As at June 30, 2018		As at July 01, 2017	For the year	As at June 30, 2018	As at June 30, 2018
	-----Rupees-----				-----Rupees-----			
Electrical Equipment	25,250	26,380	51,630	20%	671	8,243	8,914	42,716
Computer & Accessories	20,000	65,500	85,500	30%	1,000	21,163	22,163	63,337
Furniture & Fixture	-	84,500	84,500	10%	-	6,338	6,338	78,163
2018	45,250	176,380	221,630		1,671	35,744	37,415	184,215
2017		45,250	45,250		-	1,671	1,671	43,579



PAK AID WELFARE TRUST

	2018	2017
Note	-----Rupees-----	
5 INTANGIBLE ASSETS		
Software	125,000	-
Website designing	15,000	-
	<u>140,000</u>	<u>-</u>
Amortization	28,000	-
	<u>112,000</u>	<u>-</u>
6 DEPOSITS AND OTHER RECEIVABLES		
Advance to staff	10,021	243,022
Security deposits	433,000	331,000
Advance Income tax	29,607	-
Other receivables	-	47,000
	<u>472,628</u>	<u>621,022</u>
7 CASH AND BANK BALANCES		
With banks in:		
- current accounts	4,480,304	1,535,500
Cash in hand	112,726	1,123,778
	<u>4,593,030</u>	<u>2,659,278</u>
8 ACCRUED & OTHER PAYABLES		
Audit fee	25,000	20,000
Accrued expenses	210,891	182,900
	<u>235,891</u>	<u>202,900</u>
9 INCOME		
Donations	6,767,761	4,128,276
Zakat	5,770,640	1,284,430
Miscellaneous income	100	52,000
	<u>12,538,501</u>	<u>5,464,706</u>
10 DIRECT WELFARE EXPENSES		
Rehabilitation and ad-hoc relief project	4,709,401	1,516,515
Salaries wages and benefits,	2,242,350	130,470
Offices rent and maintenance expenses	1,121,950	104,500
Vehicle running expenses	360,821	72,706
Advertisement and promotional expenses	192,093	-
Other expenses	285,627	-
	<u>8,912,242</u>	<u>1,824,191</u>



PAK AID WELFARE TRUST

Note	2018	2017
	-----Rupees-----	
11 GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and benefits	520,351	235,400
Legal and professional charges	1,333	55,700
Audit fee expenses	25,000	20,000
Rent expense	255,420	-
Repairs and maintenance	84,087	14,140
Printing, stationary and advertisement	54,477	38,899
Vehicles running expenses	137,336	36,522
Travelling and conveyance	15,865	24,300
Postage and cargo	20,016	7,401
Utilities expenses	86,340	8,330
Communcation expenses	261,354	52,280
Food and entertainment expenses	24,767	20,430
Miscellaneous expense	12,484	3,780
Bank charges	8,577	683
Rent, rate and taxes	50,105	-
Amortization expenses	28,000	-
Depreciation	35,744	1,671
	<u>1,621,256</u>	<u>519,536</u>

12 TAXATION

The Trust is working as non profit organization (NPO) and the management is in process to grant approval as a Non-Profit Organisation (NPO) under section 2(36) of Income Tax Ordinance, 2001 from tax authorities. Provision for taxation has not been made as the management is very positive and assured that they will be able to obtain income tax exemption from tax authorities.

13 NUMBER OF EMPLOYEES

Number of employees as at June 30	<u>9</u>	<u>11</u>
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14 GENERAL

- i Figures have been rounded off to nearest Rupee.
- ii Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison.

15 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Trustee of the Trust on
02 MAR 2019



 Chairman



 Finance Secretary

