

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

### *Opinion*

We have audited the financial statements of "HUM MASHAL-E-RAH FOUNDATION" which comprise of the statement of financial position as at June 30, 2020, and income and expenditure account, the statement of changes in accumulated 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, in all material respects, the financial position of "HUM MASHAL-E-RAH FOUNDATION" as at June 30, 2020 and its financial performance and its cash flows for the year then ended in accordance with accounting standards for not for profit organisations (NPOs) issued by the ICAP 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 Auditors' 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.

### **Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The Board of trustees is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards for not for profit organisations (NPOs) issued by the ICAP in Pakistan and for such internal control as the Board of Trustees 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, the Board of Trustees is 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 the 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 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 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 access 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 Trust's internal control.
- Evaluate 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 Trust'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 Trust's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, 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.

Dated: November 20, 2021  
Place: Lahore



**PHINEHAS & COMPANY**  
(Chartered Accountant)

**HAM MASHAL-E-RAH FOUNDATION  
BALANCE SHEET  
AS AT JUNE 30, 2020**

<u>FUNDS &amp; LIABILITIES</u>	NOTES	<u>2020 RUPEES</u>	<u>ASSETS</u>	NOTES	<u>2020 RUPEES</u>
Funds Account	4	50,750	Property, Plant & Equipments		-

**CURRENT LIABILITIES**

**CURRENT ASSETS**

Payables	-		Cash & Bank Balances	5	50,750
	-				50,750
		<u>50,750</u>			<u>50,750</u>

\_\_\_\_\_  
President



\_\_\_\_\_  
General Secretary

**HAM MASHAL-E-RAH FOUNDATION  
INCOME & EXPENDITURES ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2020**

**INCOME**

**NOTES**

**2020  
RUPEES**

**Donations**

**6**

**1,190,500**

**1,190,500**

**LESS: EXPENDITURES**

**Administrative Expenses**

**7**

**1,147,195**

**1,147,195**

**Surplus/ (Deficit) For The Year**

**43,305**

**President**

**General Secretary**



## LEGAL STATUS AND OPERATIONS

### **1.1. Constitution and activities**

"Ham Mashal-E-Rah Foundation" is a non-profit organization, was registered under Societies Registration Act XXI of 1860. The main objectives of the organization to human health and social work activities for the elderly and disabled/residential care activities for the elderly and disabled person. The Registered office address of the organization is situated at Q-890, Avenue-9, Phase-7, DHA, Lahore.

## **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting and Financial Reporting Standards for Small Sized Entities (SSEs) issued by Institute of Chartered Accountants of Pakistan.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1. Basis of preparation**

These financial statements have been prepared under historical cost convention and on accrual basis of accounting, unless contrary stated.

### **3.2. Significant accounting estimates and judgments**

The preparation of financial statements in conformity with the Accounting and Financial Reporting

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.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision doubtful receivables. However, assumptions and judgments in the application of the accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of the assets and liabilities in next

### **3.3. Property, plant and equipment**

These are stated at cost less accumulated depreciation except and accumulated impairment losses, if any. Depreciation is charged from the date of assets is put into operation and discontinued from the date assets is retired. Depreciation is charged to income applying by using reducing balance method to write off the cost of each assets at the rates specified in the note no. 4.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying

### **3.4. Donations/grants**

All donations and grants (Pakistani and foreign source) received from donors are recognized at the time of receipts.

### **3.5. Deferred income/cost**

Deferred income/cost is recognized when fixed assets are purchased from donor's funds and amortized over the useful life of the respective assets.

### **3.6. Cash and cash equivalent**

Cash and cash equivalent are carried out in the balance sheet at fair value. Cash and cash equivalent comprise cash in hand and balances with banks.

### **3.7. Foreign currency translations**

All monetary assets and liabilities in foreign currencies are translated in to Pak Rupees at exchange rates

### **3.8. Provisions**

Provision are recognized when the organization has a present, legal or constructive, obligation as a result of a past events and it is probable that it will result in an outflow of economic benefits for which a reliable estimate can be made of the amount of the obligation.

### **3.9. Related party transaction**

The transaction between the organization and the related parties are carried out on an arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

	<b>2020</b>
	<b>RUPEES</b>
<b>4. FUNDS ACCOUNT</b>	
Opening Balances	
Surplus / (Deficit) for the Year	7,443
	<u>43,305</u>
	<u>50,750</u>
<b>5. CASH &amp; BANK BALANCES</b>	
Cash At Bank	
	<u>50,750</u>
<b>6. INCOME</b>	<u>50,750</u>
Donations	
	1,190,500
	<u>1,190,500</u>
<b>7. ADMINISTRATIVE EXPENSES</b>	
Staff Salaries	540,000
Utilities	62,547
Rent	120,000
Travelling Expenses	21,975
Printing & Stationery	12,675
Help To Poors	80,270
Books & Uniforms	225,650
Functions & Events	38,475
Legal & Professional Charges	10,000
Misc. Expenses	35,603
	<u>1,147,195</u>