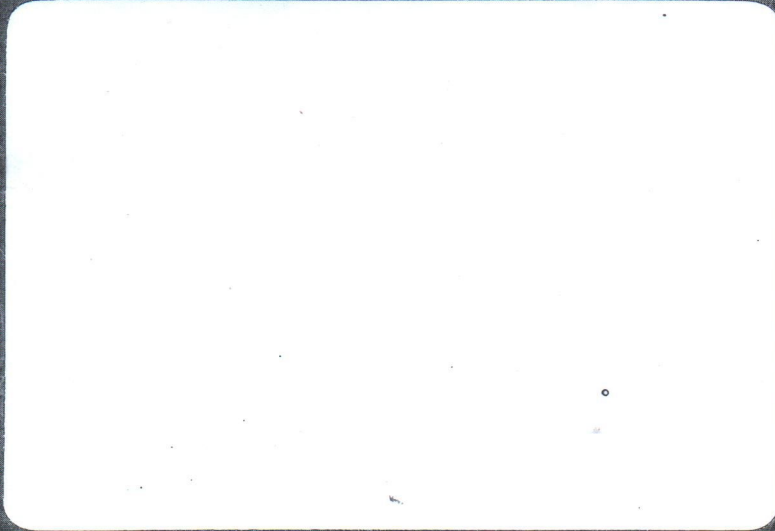


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Chartered Accountants

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**MARKAZ ISLAH DARUL AYTAM
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the financial statements of Markaz Islah Darul Aytam ("the Entity"), which comprise the statement of financial position as at June 30, 2021 and the income and expenditure account, statement of changes in general fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of Markaz Islah Darul Aytam as at June 30, 2021 and its financial performance and its cash flows for the year then ended in accordance with Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan and Accounting Standard for Not for Profit Organizations (NPOs) issued by the ICAP.

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 Entity 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.

Other Matter

The financial statements of the Entity for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on these financial statements on September 27, 2020.

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs) issued by the ICAP and Accounting Standard for Not for Profit Organizations (NPOs) issued by the ICAP, and for such internal control as the Management 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, Management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity'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

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 risk, 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 Entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

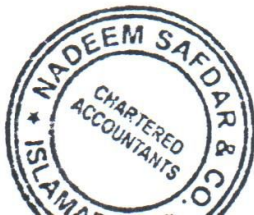
Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude 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 date of our auditor's report. However, future events or conditions may cause the Entity 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.

Nadeem Safdar & Co.
Chartered Accountants

28 SEP 2021



**MARKAZ ISLAH DARUL AYTAM
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	Note	2021 (Rupees)	2020
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property and equipment	4	11,852,916	11,972,371
CURRENT ASSETS			
Advances, deposits and other receivables	5	3,940,121	4,667,027
Cash and bank balances	6	2,331,166	735,522
		6,271,287	5,402,549
TOTAL ASSETS		18,124,203	17,374,920
<u>FUNDS AND LIABILITIES</u>			
GENERAL FUND		17,008,888	15,906,183
CURRENT LIABILITIES			
Creditors	7	468,924	1,162,133
Accrued and other liabilities	8	646,391	306,604
		1,115,315	1,468,737
CONTINGENCIES AND COMMITMENTS	9	18,124,203	17,374,920

The annexed notes 1 to 16 form an integral part to these financial statements.


PRESIDENT
**PRESIDENT
AL-ISLAH CENTER**

N/CO.



SECRETARY
**G. Secretary
Markaz Islah
Darul Aytam
Sheikh Maltoon Town Iqbal**

**MARKAZ ISLAH DARUL AYTAM
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 (Rupees)	2020
INCOME			
Donation - Corporate	10	3,136,280	1,281,500
General Donation	10	11,697,008	6,556,304
Donation In Kind	10	2,863,552	1,836,020
Other Income	11	44,480	11,100
		<u>17,741,320</u>	<u>9,684,924</u>
EXPENDITURES			
	12	<u>16,638,615</u>	<u>11,843,788</u>
		<u>16,638,615</u>	<u>11,843,788</u>
Surplus/(Deficit) for the year		<u><u>1,102,705</u></u>	<u><u>(2,158,864)</u></u>

The annexed notes 1 to 16 form an integral part to these financial statements.

NSLO


PRESIDENT

**PRESIDENT
AL-ISLAH CENTER**


SECRETARY

**G. Secretary
Markaz Islah
Darul Aytam
Sheikh Maltoon Town Mardan**

**MARKAZ ISLAH DARUL AYTAM
STATEMENT OF CHANGES IN GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	(Rupees)
Balance as at July 01, 2019	18,065,047
Deficit for the year ended June 30, 2020	(2,158,864)
Balance as at June 30, 2020	<u>15,906,183</u>
Balance as at July 01, 2020	15,906,183
Deficit for the year ended June 30, 2021	1,102,705
Balance as at June 30, 2021	<u>17,008,888</u>

The annexed notes 1 to 16 form an integral part to these financial statements.

MSLO


PRESIDENT
PRESIDENT
AL-ISLAH CENTER


SECRETARY
G. Secretary
Markaz Islah
Darul Aytam
Sheikh Maltoon Town Mardan

**MARKAZ ISLAH DARUL AYTAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

Note	2021	2020
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	1,102,705	(2,158,864)
Adjustments for non cash items:		
Depreciation	4 <u>787,853</u>	<u>751,759</u>
Operating cash flows before working capital changes	1,890,558	(1,407,105)
Decrease/increase in working capital		
Advances, deposits and other receivables	726,906	857,744
Creditors	(693,207)	409,490
Accrued and other Liabilities	339,787	(49,476)
	<u>373,486</u>	<u>1,217,758</u>
Net cash from/(used in) operating activities	2,264,044	(189,347)
CASH FLOW FROM INESTING ACTIVITIES		
Additions in property and equipment	(668,400)	(853,300)
Net cash (used in) investing activities	(668,400)	(853,300)
Net increase/(decrease) in cash and cash equivalents	1,595,644	(1,042,647)
Cash and cash equivalents at beginning of year	735,522	1,778,169
Cash and cash equivalents at end of year	6 <u><u>2,331,166</u></u>	<u><u>735,522</u></u>

The annexed notes 1 to 16 form an **integral** part to these financial statements.

Nsco.


PRESIDENT
PRESIDENT
AL-ISLAH CENTER


SECRETARY
G. Secretary
Markaz Islah
Darul Aytam
Sheikh Malloon Town Mardan

LEGAL STATUS AND OPERATIONS

MARKAZ ISLAH DARUL AYTAM was registered under the Voluntary Welfare Agencies "Registration & Control Ordinance 1961" (XI VI of 1961)" on May 10, 2003. The main objectives of the Entity is the community welfare and rehabilitation of orphan children, **both** boys and girls.

BASIS OF PREPARATION

1 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 "Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan and Accounting Standard for Not for Profit Entity (NGOs)" issued by the ICAP.

2 Accounting convention

These financial statements have **been** prepared under the historical cost convention on accrual basis of accounting.

3 Functional and presentation currency

Items included in the financial **statements** are measured using the currency of the primary economic environment in which the Entity operates. The financial **statements** are presented in Pakistan Rupees (PKR) which is the Entity's functional and presentation currency.

4 Significant estimates and judgments

The preparation of financial **statements** in conformity with the approved accounting standards require 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 results 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 ongoing 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. Judgments made by the management in application of the approved accounting standards that **have** significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year **are** discussed in respective policy notes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out **below** have been applied consistently to the period presented in these financial statements.

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is charged to income on the reducing balance method so as to write off the depreciable amount of the property and equipment over their estimated useful lives. Depreciation will be charged when the asset is available for use at the rates specified in note 4.

The cost of replacing a major item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Entity and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The cost of the day to day servicing of property and equipment are recognized in income and expenditure account as incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposals with the carrying amount of property and equipment and are recognized on net basis in income and expenditure account.

3.3 Impairment

The Entity assessed at each statement of financial position date whether there is any indication that asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income and expenditure account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to initial cost of asset. Reversal of impairment loss is recognized in income and expenditure account.

3.4 Other receivable

Other receivables are stated at original amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off as against provision.

3.5 Foreign currencies

Transactions in foreign currencies are translated into functional currency at exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at statement of financial position date are translated to the functional currency at the exchange rates at that date. All foreign exchange differences are included in the income and expenditure account.

3.6 Accrued and other liabilities

The accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Entity.

3.7 Provisions

Provision are recognized when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodied 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 statement of financial position date and adjusted to reflect the current best estimates.

MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

3.9 Financial instruments

Financial assets and liabilities are **recognized** when the Entity becomes a party to the contractual provisions of the instruments. These are derecognized when the Entity ceases to be a party to the contractual provisions of the instruments. Other particular recognition method adopted by the Entity are disclosed in the individual policy statement associated with each item of the financial instruments.

3.10 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Entity has a legally enforceable right to setoff the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4 PROPERTY AND EQUIPMENT

Particulars	Land	Building	Furniture and fixture	Equipment	Vehicles	Total
Cost	----- (Rupees) -----					
Balance as at July 01, 2019	2,102,000	15,461,009	1,261,680	614,345	735,000	20,174,034
Additions	-	-	-	45,000	808,300	853,300
Balance as at June 30, 2020	2,102,000	15,461,009	1,261,680	659,345	1,543,300	21,027,334
Balance as at July 01, 2020	2,102,000	15,461,009	1,261,680	659,345	1,543,300	21,027,334
Additions	-	-	189,000	479,400	-	668,400
Balance as at June 30, 2021	2,102,000	15,461,009	1,450,680	1,138,745	1,543,300	21,695,734
Depreciation						
Balance as at July 01, 2019	-	6,714,278	655,101	476,855	456,968	8,303,202
Charge for the year	-	437,337	60,660	36,498	217,266	751,761
Balance as at June 30, 2020	-	7,151,615	715,761	513,353	674,234	9,054,963
Balance as at July 01, 2020	-	7,151,615	715,761	513,353	674,234	9,054,963
Charge for the year	-	415,470	73,494	125,078	173,813	787,855
Balance as at June 30, 2021	-	7,567,085	789,255	638,431	848,047	9,842,818
Carrying value as at June 30, 2021	2,102,000	7,893,924	661,425	500,314	695,253	11,852,916
Carrying value as at June 30, 2020	2,102,000	8,309,394	545,919	145,992	869,066	11,972,371
Depreciation rates per annum	0%	5%	10%	20%	20%	

N/A

MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Note	(Rupees)	
5 ADVANCES, DEPOSITS AND RECEIVABLES		
Staff advances	318,276	30,674
Advances for Construction Masjid	3,355,177	4,188,772
Al Islah Center Islamabad	17,500	17,500
Committee	50,000	-
Advance-Muhammad Ali	-	200,000
Advance Income Tax	39,168	70,081
	3,780,121	4,507,027
DEPOSIT-SECURITIES:		
B.I.S.E Mardan	40,000	40,000
Wapda	44,000	44,000
PTCL	6,000	6,000
SNGPL	70,000	70,000
	160,000	160,000
	3,940,121	4,667,027
6 CASH AND BANK BALANCES		
Cash in Hand	48,637	94,090
Cash at Bank	2,282,529	641,432
	2,331,166	735,522
7 CREDITORS		
Masood Canteen (Pocket Money)	28,440	-
Mardan Book Agency	157,664	204,664
AL Falah Medical Store	5,685	6,299
Abu Bakkar Sanitary Store	50,370	44,280
Muzaffar Milk	91,260	399,340
University Book Agency	121,694	225,000
Paper Plus	3,680	-
Hilal Shop	3,380	-
Pameer Medicos	6,091	-
Abdul Haq Hawker	660	-
Creditors- Misc Masjid	-	282,550
	468,924	1,162,133

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Note	(Rupees)	
8 ACCRUED EXPENSES		
Salaries Payable	372,932	203,051
Electricity Bills	87,829	90,553
Suigas Telephone Bill	13,330	13,000
Staff Security	172,300	-
	<u>646,391</u>	<u>306,604</u>

9 CONTINGENCIES AND COMMITMENTS

There has been no contingencies and commitments as at statement of financial position date.

10 DONATION INCOME

Corporate Donation		
Khyber Tobacco Company Limited	2,100,000	1,200,000
Meesaq School	4,000	8,000
Iqra School	3,000	1,500
Suzuki Showroom	101,000	60,000
STC	12,000	12,000
HAWWA Appeal	710,000	-
Center For Peace & Rural Development (CPRD)	206,280	-
	<u>3,136,280</u>	<u>1,281,500</u>
General Donations	11,697,008	6,556,304
Donation In Kind	2,863,552	1,836,020
	<u>17,696,840</u>	<u>9,673,824</u>

11 Other Income

Sale of Scrape	9,480	11,100
Rent	35,000	-
	<u>44,480</u>	<u>11,100</u>

NESCO

MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Note	(Rupees)	
12 EXPENDITURES		
Salaries, wages and benefits	3,886,296	3,486,655
Educational expenses	1,719,310	1,441,170
Qurbani expenses	137,000	55,000
First aid/medicine	239,803	104,750
Food and kitchen supplies	4,689,037	3,377,909
Fuel charges	106,640	77,230
Repair-vehicle	214,000	199,930
Printing and stationary	311,153	29,175
School uniform and clothing	944,720	366,845
House keeping supplies	363,351	304,678
Office supplies	167,356	29,690
Students pockets money	154,650	207,510
Promotional expenses	336,400	9,430
Utilities- electricity	571,301	610,108
Utilities- telephone	59,304	66,300
Utilities- gas	94,500	149,555
Repair-building	137,530	71,712
Repair-equipment	537,652	96,835
Postage and news paper	12,760	-
Travelling and transportation	311,740	188,730
Fee and subscription	376,000	17,000
Bad debts- written off	200,000	-
Functions and gathering	10,850	-
Ifftar charges Al Islah Islamabad	170,000	-
Bank charges	9,009	8,275
Depreciation	787,853	751,759
Miscellaneous	90,400	193,542
	16,638,615	11,843,788

4

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

13 FINANCIAL INSTRUMENTS

	Fair value through profit and loss		Amortized cost		Total	
	2021	2020	2021	2020	2021	2020
(Rupees).....					
Financial assets						
Advances, deposits and other			3,900,953	4,596,946	3,900,953	4,596,946
Cash and bank balances	-	-	2,331,166	735,522	2,331,166	735,522
	<u>-</u>	<u>-</u>	<u>6,232,119</u>	<u>5,332,468</u>	<u>6,232,119</u>	<u>5,332,468</u>
Financial liabilities						
Creditors			468,924	1,162,133	468,924	1,162,133
Accrued and other liabilities	-	-	646,391	306,604	646,391	306,604
	<u>-</u>	<u>-</u>	<u>1,115,315</u>	<u>1,468,737</u>	<u>1,115,315</u>	<u>1,468,737</u>

14 CORRESPONDING FIGURES

- Corresponding figures have been rearranged and reclassified, where ever, necessary for the purpose of comparison. However, no significant reclassification has been made in these financial statements except for certain heads of Donotation income.

15 GENERAL

15.1 Subsequent events

There is no any subsequent event after the reporting date which may affect the going concern of the Entity.

15.2 Impact of Covid-19

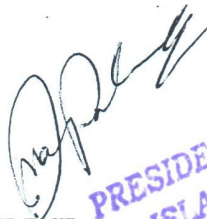
COVID-19 does not have any impact on the carrying amount of assets and liabilities recognised in these financials statements.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on

28 SEP 2021

NSCO


PRESIDENT
AL-ISLAH CENTER


SECRETARY
G. Secretary
Markaz Islah
Darul Aytam
Bhukh Maltoon Town Mardan