

**MARKAZ ISLAH DARUL AYTAM
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023 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, 2023 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.

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 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,

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.


Chartered Accountants



Date: 24 OCT 2023
Islamabad
Engagement Partner: Nadeem Safdar

MARKAZ ISLAH DARUL AYTAM
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	NOTE	2023 (Rupees)	2022 (Rupees)
Assets			
Non-current assets			
Property and equipment	4	23,362,443	12,666,570
Current assets			
Advances, deposits and other receivables	5	578,032	3,929,182
Cash and bank balances	6	5,815,327	16,644,542
		6,393,359	20,573,724
Total assets		29,755,802	33,240,294
Funds and liabilities			
General fund			
General fund	7	21,852,221	32,849,705
Current Advances, deposits and other receivables			
Trade payables	8	7,774,199	167,817
Accrued and other liabilities	9	129,382	222,771
		7,903,581	390,588
Total funds and liabilities		29,755,802	33,240,294

The annexed notes from 1 to 14, form an integral part of these financial statements.


PRESIDENT
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SECRETARY
G. SECRETARY
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MARKAZ ISLAH DARUL AYTAM
STATEMENT OF INCOME AND EXPENDITURE
FO R THE YEAR ENDED JUNE 30, 2023

	NOTE	2023 (Rupees)	2022 (Rupees)
Income			
Donantion- corporate	10	3,222,000	2,939,500
General donation	10	40,631,387	46,355,823
Donation in kind	10	2,602,630	4,067,548
Other income	11	96,395	154,580
		46,552,412	53,517,451
Expenditure			
	12	57,549,894	37,676,635
		57,549,894	37,676,635
(Defecit)/Surplus for the year		(10,997,482)	15,840,815

The annexed notes from 1 to 14, form an integral part of these financial statements.

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PRESIDENT

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PRESIDENT
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SECRETARY
G. SECRETARY
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**MARKAZ ISLAH DARUL AYTAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,2023**

	NOTE	2023 (Rupees)	2022 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(10,997,482)	15,840,815
Adjustments for non cash items:			
Depreciation	4	997,885	752,146
Surplus/(deficit) before working capital changes		(9,999,597)	16,592,962
Increase/(decrease) in working capital			
Advances, deposits and other receivables		3,351,150	10,939
Trade payables		7,606,382	(301,107)
Accrued and other liabilities		(93,389)	(423,620)
		10,864,143	(713,788)
Net cash flow from operating activities		864,546	15,879,174
CASH FLOW FROM INESTING ACTIVITIES			
Purchase of fixed assets		(11,693,760)	(1,565,800)
Net cash (used in) investing activities		(11,693,760)	(1,565,800)
Net decrease in cash and cash equalents		(10,829,213)	14,313,374
Cash and cash equivalents at the beginning of the year		16,644,540	2,331,166
Cash and cash equivalents at the end of the year	6	5,815,327	16,644,540

The annexed notes from 1 to 14, form an integral part of these financial statements.

PRESIDENT


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AL-ISLAH CENTER

SECRETARY



G. SECRETARY
AL-ISLAH CENTER

MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND OPERATIONS

MARKAZ ISLAH DARUL AYTAM was registered under the Voluntary Welfare Agencies "Registration & Controllee 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.

2 BASIS OF PREPARATION

2.1 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.

2.2 Accounting convention

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

2.3 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.

2.4 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Revenue recognition

Donations

Donation is recognized on the basis of actual receipts. Interest income is recognized on receipt basis.

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3.2 Property and equipment

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.

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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.

3.8 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statements comprise of cash in hand and bank balances.

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, 2023

4 Property and equipment

	Land	Building	Furniture And Fixtures	Equipments	Vehicles	Total
Rupees.....					
Cost	2,102,000	15,461,009	1,450,680	2,704,545	1,543,300	23,261,534
Accumulated depreciation	-	(7,961,781)	(855,400)	(790,687)	(987,098)	(10,594,966)
Carrying amount at June 30,2022	<u>2,102,000</u>	<u>7,499,228</u>	<u>595,280</u>	<u>1,913,858</u>	<u>556,202</u>	<u>12,666,568</u>
Carrying amount at July 01, 2022	2,102,000	7,499,228	595,280	1,913,858	556,202	12,666,568
Additions	11,078,000	-	537,700	78,060	-	11,693,760
Depreciation charge for the year	-	(374,961)	(113,300)	(398,384)	(111,240)	(997,885)
Carrying amount at June 30,2023	<u>13,180,000</u>	<u>7,124,267</u>	<u>1,019,680</u>	<u>1,593,534</u>	<u>444,962</u>	<u>23,362,443</u>
The carrying amount at June 30, 2023 is aggregate of:						
Cost	13,180,000	15,461,009	1,988,382	2,782,605	1,543,300	34,955,294
Accumulated depreciation	-	(8,336,742)	(968,700)	(1,189,071)	(1,098,338)	(11,592,851)
Carrying amount at June 30, 2023	<u>13,180,000</u>	<u>7,124,267</u>	<u>1,019,682</u>	<u>1,593,534</u>	<u>444,962</u>	<u>23,362,443</u>
Rate of depreciation per annum (%)	0%	5%	10%	20%	20%	

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees)	2022 (Rupees)
5	Advances, deposits and other receivables		
Staff advances		375,032	332,517
Advances for construction of Masjid		-	2,317,497
IPHIC fee		-	500,000
Zaheer Moulana		-	30,000
Abdul Wahab Sb		-	50,000
Riaz travel in tour		-	500,000
Advance income tax		-	39,168
		375,032	3,769,182
Deposit : securities:			
B.I.S.E Mardan		40,000	40,000
Wapda		87,000	44,000
PTCL		6,000	6,000
SNGPL		70,000	70,000
		203,000	160,000
		578,032	3,929,182
6	Cash and bank balances		
Cash in hand		19,144	31,822
Cash at bank		5,796,183	16,612,720
		5,815,327	16,644,542
7	General fund		
Balance as at July 01, 2022		32,849,703	17,008,888
Deficit)/Surplus for the year		(10,997,482)	15,840,815
Balance as at June 30, 2023		21,852,221	32,849,703

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	2023 (Rupees)	2022 (Rupees)
8 Trade payables		
Masood canteen (pocket money)	53,734	25,580
Mardan book agency	-	52,664
Abu bakkar sanitary store	10,235	44,850
University book agency	-	21,694
Qadeer store	14,250	-
Nabeel	5,525,000	-
Paper plus	-	180
Tariq store	129,700	-
Mardan cables	20,000	-
Pameer medicos	-	4,979
Pixels plex ali khan committee	2,720	2,000
	-	10,000
Adeel steel	18,560	-
Muneer	2,000,000	-
The print master	-	4,560
Abdul haq hawker	-	1,310
	7,774,199	167,817
9 Accrued expenses		
Salaries payable	1,882	1,881
Income tax Payable	-	(1,320)
Staff security	127,500	222,210
	129,382	222,771

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees)	2022 (Rupees)
10	Donation others		
	Corporate		
	Khyber Tocacco Company Limited	2,400,000	2,400,000
	Meesaq school	20,000	20,000
	Iqra school	4,000	4,500
	Suzuki showroom	158,000	105,000
	STC	360,000	154,000
	Services Public School	20,000	16,000
	Human foundation	260,000	240,000
		3,222,000	2,939,500
	General Donations	40,631,387	46,355,823
	Donation In Kind		
	House keeping supplies	315,200	111,000
	Food items	1,747,030	2,010,960
	Clothing	540,400	289,800
	Medician	-	24,503
	Equipment	-	1,550,000
	Books	-	81,285
		2,602,630	4,067,548
		46,456,017	53,362,871
11	Other income		
	Sale of scrape	47,145	69,180
	Fee	16,000	48,000
	Other	9,250	-
	Rent	24,000	37,400
		96,395	154,580

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MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

12	Expenditure	Note	2023 (Rupees)	2022 (Rupees)
	Salaries, wages and benefits		4,602,875	4,139,822
	Educational expenses		5,263,039	2,427,326
	Qurbani expenses		350,230	209,500
	First aid/medicine		870,463	215,039
	Food and kichen supplies		8,689,279	6,918,659
	Fuel charges		211,860	193,140
	Repair-vehicle		193,960	269,730
	Printing and stationary		58,993	403,372
	School uniform and clothing		146,650	825,900
	House keeping supplies		370,682	1,041,329
	Office supplies		66,210	91,400
	Studnets pockets money		323,820	244,580
	Promotional expenses		921,117	244,530
	Utilities - electricity		1,276,156	830,223
	Utilities - telephone		67,405	82,977
	Utilities - gas		806,110	580,220
	Repair - building		844,521	581,520
	Repair - equipments		406,530	188,689
	Postage and news Paper		32,810	30,140
	Travelling and transportation		460,374	580,949
	Fee and professional charges		1,502,832	186,640
	Functions and gathring		-	98,400
	Ifftar charges Al Islah Islamabad		20,000	175,800
	Clothes and shoes		728,835	443,710
	Bad debt		109,494	500
	Tour		310,785	20,000
	Sports supplies		30,650	106,880
	Relief activity		1,999,855	56,300
	Travel and transportaion earthquake		-	1,330,914
	Bank charges		18,390	27,593
	Flood relief activities		25,454,848	-
	Earthquack activity		-	14,237,457
	Depreciation	4	997,885	752,146
	Miscellaneous		413,234	141,250
			57,549,894	37,676,635

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**MARKAZ ISLAH DARUL AYTAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

13 General

13.1 Figures have been rounded off to the nearest Pakistani Rupees unless otherwise stated.

13.2 Subsequent events

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

13.3 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.

14 Date of authorization

These financial statements are authorized for issue on 24 OCT 2023 .

N.S.O.S.

PRESIDENT


**PRESIDENT
AL-ISLAH CENTER**

SECRETARY


**G. SECRETARY
AL-ISLAH CENTER**