

Nadeem Safdar & Co.  
Chartered Accountants

---

Office No 2, 1st Floor,  
VIP Square, I-8 Markaz  
Islamabad, Pakistan  
Tel: +92 (51) 8431604-5  
Email: nsafdar@nsco.com.pk  
nsafdar66@gmail.com  
URL: www.nsco.com.pk



**MARKAZ ISLAH DARUL AYTAM  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**



## **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, 2022 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, 2022 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: 03 OCT 2022  
Islamabad

Engagement Partner: Nadeem Safdar

**MARKAZ ISLAH DARUL AYTAM  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2022**

	Note	2022 (Rupees)	2021
<b><u>ASSETS</u></b>			
<b>NON- CURRENT ASSETS</b>			
Property and equipment	4	12,666,570	11,852,916
<b>CURRENT ASSETS</b>			
Advances,deposits and other receivables	5	3,929,182	3,940,121
Cash and bank balances	6	16,644,542	2,331,166
		20,573,724	6,271,287
<b>TOTAL ASSETS</b>		<b>33,240,294</b>	<b>18,124,203</b>
<b><u>FUNDS AND LIABILITIES</u></b>			
<b>GENERAL FUND</b>			
		32,849,706	17,008,888
<b>CURRENT LIABILITIES</b>			
Trade payables	7	167,817	468,924
Accrued and other liabilities	8	222,771	646,391
		390,588	1,115,315
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>33,240,294</b>	<b>18,124,203</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

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

N.S.W.

**PRESIDENT**

**SECRETARY**



**MARKAZ ISLAH DARUL AYTAM  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees)	2021
<b>INCOME</b>			
Donation- Corporate	9	2,939,500	3,136,280
General Donation		46,355,823	11,697,008
Donation In Kind		4,067,548	2,863,552
Other Income	10	154,580	44,480
		<b>53,517,451</b>	<b>17,741,320</b>
<b>EXPENDITURES</b>			
	11	37,676,633	16,638,615
		<b>37,676,633</b>	<b>16,638,615</b>
<b>Surplus for the year</b>		<b>15,840,818</b>	<b>1,102,705</b>

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

*NSW*

**PRESIDENT**



**SECRETARY**



**MARKAZ ISLAH DARUL AYTAM  
STATEMENT OF CHANGES IN GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	(Rupees)
Balance as at July 01, 2020	15,906,183
Surplus for the year ended June 30, 2021	1,102,705
<b>Balance as at June 30, 2021</b>	<b><u>17,008,888</u></b>
Balance as at July 01, 2021	17,008,888
Surplus for the year ended June 30, 2022	15,840,818
<b>Balance as at June 30, 2022</b>	<b><u>32,849,706</u></b>

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

*NSC*

**PRESIDENT**



**SECRETARY**



**MARKAZ ISLAH DARUL AYTAM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

Note	2022	2021
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the year	15,840,818	1,102,705
Adjustments for non cash items:		
Depreciation	<u>752,146</u>	<u>787,853</u>
Surplus before working capital changes	16,592,964	1,890,558
<b>Decrease/increase in working capital</b>		
Advances, deposits and other receivables	<u>10,939</u>	726,906
Trade payables	<u>(301,107)</u>	(693,209)
Accrued and other liabilities	<u>(423,620)</u>	339,789
	(713,788)	373,486
Net cash flow from operating activities	15,879,176	2,264,044
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in property and equipment	<u>(1,565,800)</u>	(668,400)
Net cash (used in) investing activities	(1,565,800)	(668,400)
<b>Net increase in cash and cash equivalents</b>	14,313,376	1,595,644
<b>Cash and cash equivalents at beginning of year</b>	<u>2,331,166</u>	<u>735,522</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>16,644,542</u></u>	<u><u>2,331,166</u></u>

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

PRESIDENT

SECRETARY



**MARKAZ ISLAH DARUL AYTAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1 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.

**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 accounting.

**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.

NSG

**MARKAZ ISLAH DARUL AYTAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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.

**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.

*MSC*

**MARKAZ ISLAH DARUL AYTAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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.

*NSC*



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

**4 Property and equipment-tangibles**

	Land	Building	Furniture And Fixtures	Equipments	Vehicles	Total
	.....Rupees.....					
Cost	2,102,000	15,461,009	1,450,680	1,138,745	1,543,300	21,695,734
Accumulated depreciation	-	(7,567,085)	(789,255)	(638,431)	(848,047)	(9,842,818)
Carrying amount at June 30,2021	<u>2,102,000</u>	<u>7,893,924</u>	<u>661,425</u>	<u>500,314</u>	<u>695,253</u>	<u>11,852,916</u>
Carrying amount at July 01, 2021	2,102,000	7,893,924	661,425	500,314	695,253	11,852,916
Additions	-	-	-	1,565,800	-	1,565,800
Depreciation charge for the year	-	(394,696)	(66,143)	(152,256)	(139,051)	(752,146)
Carrying amount at June 30,2022	<u>2,102,000</u>	<u>7,499,228</u>	<u>595,282</u>	<u>1,913,858</u>	<u>556,202</u>	<u>12,666,570</u>

The carrying amount at June 30, 2022 is aggregate of:

Cost	2,102,000	15,461,009	1,450,680	2,704,545	1,543,300	23,261,534
Accumulated depreciation	-	(7,961,781)	(855,398)	(790,687)	(987,098)	(10,594,964)
Carrying amount at June 30,2022	<u>2,102,000</u>	<u>7,499,228</u>	<u>595,282</u>	<u>1,913,858</u>	<u>556,202</u>	<u>12,666,570</u>

Rate of depreciation per annum (%)

0%      5%      10%      20%      20%

*N.S.W*

**MARKAZ ISLAH DARUL AYTAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
Note	(Rupees)	
<b>5 Advances, deposits and other receivables</b>		
Staff advances	332,517	318,276
Advances for construction of Masjid Al Islah Center Islamabad	2,317,497	3,355,177
IPHIC Fee	-	17,500
Zaheer Moulana	500,000	-
Abdul Wahab Sb	30,000	-
Riaz travel in tour	50,000	-
Committee	-	50,000
Advance Income Tax	39,168	39,168
	<b>3,769,182</b>	<b>3,780,121</b>
<b>Deposit -securities:</b>		
B.I.S.E Mardan	40,000	40,000
Wapda	44,000	44,000
PTCL	6,000	6,000
SNGPL	70,000	70,000
	<b>160,000</b>	<b>160,000</b>
	<b>3,929,182</b>	<b>3,940,121</b>
<b>6 Cash and bank balances</b>		
Cash in hand	31,822	48,637
Cash at bank	16,612,720	2,282,529
	<b>16,644,542</b>	<b>2,331,166</b>
<b>7 Trade payables</b>		
Masood Canteen ( Pocket Money)	25,580	28,440
Mardan Book Agency	52,664	157,664
AL Falah Medical Store	-	5,685
Abu Bakkar Sanitary Store	44,850	50,370
Muzaffar Milk	-	91,260
University Book Agency	21,694	121,694
Paper Plus	180	3,680
Hilal Shop	-	3,380
Pameer Medicos	4,979	6,091
Pixels plex Ali Khan	2,000	-
Committee	10,000	-
The print master	4,560	-
Abdul Haq Hawker	1,310	660
	<b>167,817</b>	<b>468,924</b>

*MSCS*

**MARKAZ ISLAH DARUL AYTAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
		(Rupees)	
<b>8 Accrued and other liabilities</b>			
Salaries Payable		1,881	372,932
Electricity Bills		-	87,829
Suigas Telephone Bill		-	13,330
Income Tax Payable		(1,320)	-
Staff Security		222,210	172,300
		<u>222,771</u>	<u>646,391</u>
<b>9 Contingencies and commitments</b>			
There is no contingency and commitment as at statement of financial position date (2021 : Nil).			
<b>10 Donations income</b>			
Corporate Donation			
Khyber Tocacco Company Limited		2,400,000	2,100,000
Meesaq School		20,000	4,000
Iqra School		4,500	3,000
Suzuki Showroom		105,000	101,000
STC		154,000	12,000
Hawwa Appeal		-	710,000
Center For Peace and Rural Development (Cprd)		-	206,280
Services Public School		16,000	-
Human Foundation		240,000	-
		<u>2,939,500</u>	<u>3,136,280</u>
General Donations		46,355,823	11,697,008
Donation In Kind		4,067,548	2,863,552
		<u>53,362,871</u>	<u>17,696,840</u>
<b>11 Other Income</b>			
Sale of scrape		69,180	9,480
Fee		48,000	
Rent		37,400	35,000
		<u>154,580</u>	<u>44,480</u>

*N/S*



**MARKAZ ISLAH DARUL AYTAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

12 EXPENDITURES	Note	2022 (Rupees)	2021
Salaries, Wages And Benefits		4,139,822	3,886,296
Educational Expenses		2,427,326	1,719,310
Qurbani Expenses		209,500	137,000
First Aid/Medicine		215,039	239,803
Food& Kitchen Supplies		6,918,659	4,689,037
Fuel Charges		193,140	106,640
Repair-Vehicle		269,730	214,000
Printing And Stationary		403,372	311,153
School Uniform And Clothing		825,900	944,720
House Keeping Supplies		1,041,329	363,351
Office Supplies		91,400	167,356
Students Pockets Money		244,580	154,650
Promotional Expenses		244,530	336,400
Utilities- Electricity		830,223	571,301
Utilities- Telephone		82,977	59,304
Utilities- Gas		580,220	94,500
Repair-Building		581,520	137,530
Repair-Equiments		188,689	537,652
Postage And News Paper		30,140	12,760
Travelling And Transportation		580,949	311,740
Fee And Professional Charges		186,640	376,000
Functions And Gathering		98,400	10,850
Ifftar Charges Al Islah Islamabad		175,800	170,000
Clothes And Shoes		443,710	-
Bad Debt		500	-
Tour		20,000	-
Sports Supplies		106,880	-
Relief Activity		56,300	-
Travel And Transportation Earth Quake		1,330,914	-
Bank Charges		27,593	9,009
Earth Quack Activity		14,237,457	-
Depreciation		752,146	787,853
Misc.		141,248	90,400
		<b>37,676,633</b>	<b>16,438,615</b>

*N/Sw*

**MARKAZ ISLAH DARUL AYTAM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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 03 OCT 2022.

*NSW*

**PRESIDENT**



**SECRETARY**

