

INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE OF ROSHNI ASSOCIATION SOCIETY FOR WELFARE OF SPECIAL PERSONS, LAHORE

Opinion

We have audited the financial statements of **ROSHNI ASSOCIATION SOCIETY FOR WELFARE OF SPECIAL PERSONS, LAHORE (The Society)**, which comprise the statement of financial position as at June 30, 2018, and the income and expenditure account, statement of cash flows and statement of changes in accumulated funds 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 the Society as at June 30, 2018, and its financial performance, its cash flows and the movement of its accumulated funds for the year then ended in accordance with the 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 Financial Statements section of our report. We are independent of the Society 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 Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Executive Committee 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, the Executive Committee is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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, individually or in the 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 assess 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Society'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 Society 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.

Lahore

Dated 15 NOV 2018


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Amin Ali)


ROSHNI ASSOCIATION SOCIETY FOR WELFARE OF SPECIAL PERSONS, LAHORE

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

		2018	2017
	Note	Rupees	Rupees
ASSETS			
Non Current Assets			
Property and equipment	4	50,691,589	42,598,090
Livestock		900,000	726,000
Long term security deposits	5	72,000	102,000
		51,663,589	43,426,090
Current Assets			
Stocks	6	196,599	246,117
Advances to employees		25,000	126,500
Income tax deducted at source		59,491	55,287
Other receivables	7	97,068	77,232
Cash and bank balances	8	5,679,577	1,586,676
		6,057,735	2,091,812
Less : Current Liabilities			
Short term loan	9	(2,900,000)	-
Accrued and other liabilities	10	(211,863)	(147,094)
Net Current Assets		2,945,872	1,944,718
Non Current Liabilities			
Deferred income	11	(2,933,578)	(3,259,531)
Contingencies and commitments	12	-	-
NET ASSETS		<u>51,675,883</u>	<u>42,111,277</u>
REPRESENTED BY:			
Unrestricted funds		51,675,883	42,111,277
Restricted funds		-	-
		<u>51,675,883</u>	<u>42,111,277</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY


ACCOUNTANT

ROSHNI ASSOCIATION
SOCIETY FOR WELFARE OF SPECIAL PERSONS, LAHORE

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
INCOME			
Donations	13	26,217,469	14,979,090
Amortization of deferred income		325,953	362,170
Sale of bakery items		249,880	349,430
Sale of wood workshop items		16,200	1,550
Sale of textile items		1,300	2,650
Sale of hand made items		4,040	28,340
Sale of agricultural products		300,745	238,543
Membership fee		20,100	5,000
Fee from Green Earth Roshni School		341,990	299,550
Liabilities written back		-	6,538
Other income		-	17,000
		27,477,677	16,289,861
EXPENDITURE			
Salaries and other benefits		6,306,104	6,415,432
Green Earth Roshni School expenses	14	2,606,951	2,387,913
Vehicles running and maintenance		1,518,288	1,169,975
Mess expenses		1,273,734	1,151,687
Repairs and maintenance		272,619	244,809
Assistance to poor students		193,302	143,042
Electricity		711,197	590,940
Gas		361,100	292,340
Bakery	15	293,976	408,940
Wood workshop	16	16,638	24,439
Textile workshop	17	36,096	18,358
Bedian farm	18	845,948	682,206
Sub-contractor's fee for security services		338,176	300,090
Telephone and postage		98,050	92,640
Advertisement and promotion		246,835	230,645
Travelling and conveyance		91,490	97,924
Printing and stationery		9,030	15,450
Medical assistance		151,765	151,606
Audit fee		70,000	55,000
Bank charges		8,325	19,874
News paper and periodicals		17,306	2,028
Loss on sale of livestock - net		41,000	152,500
Depreciation in value of livestock - net		25,000	117,000
Advances written off		-	3,500
Depreciation	4	2,380,141	2,617,315
		17,913,071	17,385,653
Surplus / (Deficit) for the Year		<u>9,564,606</u>	<u>(1,095,792)</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY



ACCOUNTANT


ROSHNI ASSOCIATION SOCIETY FOR WELFARE OF SPECIAL PERSONS, LAHORE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus / (deficit) for the Year	9,564,606	(1,095,792)
Adjustment for:		
- Amortization of deferred income	(325,953)	(362,170)
- Loss on sale of livestock - net	41,000	152,500
- Depreciation in value of livestock - net	25,000	117,000
- Depreciation	2,380,141	2,617,315
	2,120,188	2,524,645
Operating surplus before working capital changes	11,684,794	1,428,853
(Increase) / decrease in current assets:		
- Stocks	49,518	(106,213)
- Advances to employees	101,500	(34,050)
- Other receivables	(19,836)	(42,232)
Increase in current liabilities:		
- Short term loan	2,900,000	-
- Accrued and other liabilities	64,769	31,594
	3,095,951	(150,901)
Cash Generated from operations	14,780,745	1,277,952
Income tax deducted at source	(4,204)	(4,394)
Net cash Generated from Operating Activities	14,776,541	1,273,558
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10,473,640)	(647,915)
Purchase of livestock	(415,000)	(485,000)
Long term security deposits	30,000	(17,200)
Proceeds from disposal of livestock	175,000	214,500
Net Cash Used in Investing Activities	(10,683,640)	(935,615)
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase in Cash and Cash Equivalents	4,092,901	337,943
Cash and cash equivalents at the beginning of the year	1,586,676	1,248,733
Cash and Cash Equivalents at the End of the Year	5,679,577	1,586,676

The annexed notes from 1 to 25 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY


ACCOUNTANT

**ROSHNI ASSOCIATION
SOCIETY FOR WELFARE OF SPECIAL PERSONS, LAHORE**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Unrestricted Funds	Restricted Fund Building for residence	Restricted Fund Land	Total
----- Rupees -----				
Balance as at June 30, 2016	42,682,575	524,494	-	43,207,069
Funds received during the year	15,927,691	-	-	15,927,691
Funds utilized during the year	(17,023,483)	-	-	(17,023,483)
Funds transferred	524,494	(524,494)	-	-
Balance as at June 30, 2017	42,111,277	-	-	42,111,277
Funds received during the year	16,054,894	-	11,096,830	27,151,724
Funds utilized during the year	(6,960,118)	-	(10,627,000)	(17,587,118)
Funds transferred	469,830	-	(469,830)	-
Balance as at June 30, 2018	51,675,883	-	-	51,675,883

The annexed notes from 1 to 25 form an integral part of these financial statements.


PRESIDENT


GENERAL SECRETARY


ACCOUNTANT

ROSHNI ASSOCIATION SOCIETY FOR WELFARE OF SPECIAL PERSONS, LAHORE

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Note 1

Status and Activities

Roshni Association Society for Welfare of Special Persons, Lahore (the Society) was registered with the Directorate of Social Welfare Government of Punjab under the registration No. DDSW-LD / 96-944 on July 15, 1996. It is an association established for the promotion of social and welfare activities, especially for the care of special persons to enable them to participate in active life. The Society is supported by ZUKUNFTSSTIFTUNG ENTWICKLUNDSHILFE, a welfare association registered in Germany. The society is domiciled in Pakistan and its office is located at Karbath Soling Bedian Road, Lahore Cantt.

Note 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 standard comprise Revised Accounting and Financial Reporting Standard for Small Sized Entities (SSEs) and Accounting Standard for Non-profit Organizations (NPOs), both issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except cash flow statement.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Association's functional and presentation currency. Figures have been rounded off to the nearest rupees unless stated otherwise.

Note 3

Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless stated otherwise.

3.1 Property and equipment

3.1.1 Operating fixed assets

These are stated at written down value except land which is stated at cost.

Depreciation on property and equipment has been provided for using the reducing balance method at the rates specified in Note 4. Depreciation on additions is charged from the month in which the asset was available for use up to the month in which the asset was disposed off.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property and equipment, if any, is shown in the income and expenditure account.

3.1.2 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure on operating fixed assets in the course of construction and installation. Transfers are made to relevant operating fixed assets category as and when assets become operative.

Note 3, Summary of Significant Accounting Policies - Continued...

3.2 Livestock

These are valued at market value prevailing at the reporting date. Any difference in the market value and carrying value is charged to current income.

3.3 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

3.4 Stock in trade

These are valued at lower of cost and net realizable value and cost is determined by using the following basis:

Raw materials	-	Weighted average cost
Finished goods	-	Average manufacturing cost

Net realizable value signifies the selling price at which goods in stock could be currently sold less any further costs which would be incurred to complete the sale.

3.5 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

3.6 Foreign currency transactions

Assets and liabilities in foreign currency are translated at the rates of exchange prevailing at the reporting date. Foreign currency transactions during the year are recorded at the spot rates.

3.7 Trade debt

Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

3.8 Payables

Liabilities for trade payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Association.

3.9 Income

- Donations and membership fee are recognized on receipt basis.
- Revenue from sale of goods is recognized when goods are sold to customer.

3.10 Provisions

Provisions are recognized when the Association has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.11 Accrued and other liabilities

Liabilities for amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to The Association.

Note 3, Summary of Significant Accounting Policies - Continued...

3.12 Deferred income

Funds relating to fixed assets are included in non-current liabilities as deferred credit and credited to the income and expenditure account over the expected lives of related assets. The unamortized portion of deferred credit is recognized as a long-term liability in the balance sheet.

3.13 Expenses

Expenses are recognized in the income and expenditure account when incurred.

3.14 Taxation

Under section 100C of the Income Tax Ordinance, 2001, the tax liability of the Society does not arise because it is entitled to a tax credit equal to 100% of tax payable including minimum tax and final taxes payable under any of the provisions of the above said ordinance.

3.15 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Society and the related party or between two or more segments of the Society are carried out at arm's length prices using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Society to do so.

ROSHNI ASSOCIATION
SOCIETY FOR WELFARE OF SPECIAL PERSONS, LAHORE
Notes to and forming part of the Financial Statements

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Note 4

Property and Equipment

Particulars	Cost			Rate	Depreciation			Written Down Value
	As at July 01, 2017	Additions	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	Rupees	%	Rupees	Rupees	Rupees	Rupees
Land	19,797,620	10,427,000	30,224,620	-	-	-	-	30,224,620
Building	39,036,046	-	39,036,046	10	22,364,642	1,667,140	24,031,782	15,004,264
Solar Panel	2,905,557	-	2,905,557	10	515,322	239,024	754,346	2,151,211
Office furniture and fixtures	2,686,220	-	2,686,220	10	1,356,382	132,984	1,489,366	1,196,854
Office equipment	1,097,272	6,500	1,103,772	10	593,750	50,894	644,644	459,128
Bakery unit:								
- Plant and machinery	692,354	-	692,354	10	471,732	22,062	493,794	198,560
- Furniture and fixtures	103,225	-	103,225	10	64,747	3,848	68,595	34,630
- Equipment	630,833	7,500	638,333	10	209,950	42,413	252,363	385,970
Wood workshop unit:								
- Furniture and fixtures	45,185	-	45,185	10	31,543	1,364	32,907	12,278
- Tools and equipment	30,170	32,640	62,810	10	23,350	2,098	25,448	37,362
	75,355	32,640	107,995		54,893	3,462	58,355	49,640
Textile workshop unit:								
- Workshop equipment	104,330	-	104,330	10	57,343	4,699	62,042	42,288
- Furniture and fixtures	18,415	-	18,415	10	12,593	582	13,175	5,240
	122,745	-	122,745		69,936	5,281	75,217	47,528
Solid Waste Management Unit:								
- Plant and machinery	323,682	-	323,682	10	188,759	13,492	202,251	121,431
- Furniture and fixtures	13,300	-	13,300	10	7,595	571	8,166	5,134
- Equipment	59,300	-	59,300	10	33,646	2,565	36,211	23,089
	396,282	-	396,282		230,000	16,628	246,628	149,654
Vehicles	4,792,995	-	4,792,995	20	3,814,885	195,622	4,010,507	792,488
Tube well	38,004	-	38,004	10	30,179	783	30,962	7,042
Total Rupees 2018	72,374,508	10,473,640	82,848,148		29,776,418	2,380,141	32,156,559	50,691,589
Total Rupees 2017	71,726,593	647,915	72,374,508		27,159,103	2,617,315	29,776,418	42,598,090

4.1 In year 2018, Society purchased land measuring 1 kanal 06 Maras located at Mouza Hare Tehsil Cantt District Lahore from Mr. Muhammad Sultan (2017: Nil).

4.2 There have been no disposals during the year (2017: Nil).

Note 5

Long Term Security Deposits

	2018	2017
	Rupees	Rupees
Security deposits:		
- Sui Northern Gas Pipelines Limited (SNGPL)	72,000	72,000
- Adeel Petrol Pump	-	30,000
	<u>72,000</u>	<u>102,000</u>

Note 6

Stocks

	2018	2017
	Rupees	Rupees
Bakery	167,762	194,062
Wood Workshop	7,747	12,765
Textile Workshop	21,090	39,290
	<u>196,599</u>	<u>246,117</u>

Note 7

Other Receivables

		2018	2017
	Note	Rupees	Rupees
Other receivables	7.1	<u>97,068</u>	<u>77,232</u>

7.1 This includes amount receivable from Mr. Alexander Kuehne Manager Bedian Farm against sale of buffaloes milk (2017: Rs. 42,232)

Note 8

Cash and Bank Balances

	2018	2017
	Rupees	Rupees
Cash in hand	91,071	65,269
Balance at banks - current accounts	5,588,506	1,521,407
	<u>5,679,577</u>	<u>1,586,676</u>

Note 9

Short term loan

		2018	2017
	Note	Rupees	Rupees
Short term loan	9.1	<u>2,900,000</u>	<u>-</u>

9.1 Society have obtained interest free loan from Mr. Zahid Durrani - General Secretary (2017: Nil) for meeting the running expenses.

Note 10

Accrued and Other Liabilities

	2018	2017
	Rupees	Rupees
Accrued expenses	124,703	52,503
Audit fee	70,000	52,500
E.O.B.I contribution payable	17,160	42,091
	<u>211,863</u>	<u>147,094</u>

Note 11

Deferred Income

	2018	2017
	Rupees	Rupees
Opening balance	3,259,531	3,621,701
Additions during the year	-	-
Amortization	(325,953)	(362,170)
Closing balance	<u>2,933,578</u>	<u>3,259,531</u>

Note 12

Contingencies and Commitments

There are no material contingencies or commitments outstanding as at reporting date (2017: Nil).

Note 13

Donations

		2018	2017
	Note	Rupees	Rupees
Local		6,873,518	5,926,626
Zakat		2,337,760	3,351,420
Foreign	13.1	17,006,191	5,701,044
		<u>26,217,469</u>	<u>14,979,090</u>

13.1 Donations received from ZUKUNFTSSTIFTUNG ENTWICKLUNDSHILFE, a welfare association registered in Germany.

Note 14

Green Earth Roshni School Expenses

	2018	2017
	Rupees	Rupees
Salaries and benefits of teachers and school staff	2,142,551	1,800,938
Books and stationery	258,327	189,632
Social welfare	18,847	264,035
Food	81,970	38,688
Running expenses	42,875	36,251
Cultural activities	14,446	8,592
General repairs	15,025	21,117
Travelling	18,770	18,060
Communication	14,140	10,600
	<u>2,606,951</u>	<u>2,387,913</u>

Note 15

Bakery

		2018	2017
	Note	Rupees	Rupees
Opening stock		194,062	102,479
Purchases		242,506	399,579
		<u>436,568</u>	<u>502,058</u>
Closing stock		(167,762)	(194,062)
Raw materials consumed	15.1	268,806	307,996
Running cost		25,170	100,944
		<u>293,976</u>	<u>408,940</u>

Note 16

Wood Workshop

	2018	2017
	Rupees	Rupees
Opening stock	12,765	17,925
Purchases	5,445	18,909
	18,210	36,834
Closing stock	(7,747)	(12,765)
Wood consumed	10,463	24,069
Running cost	6,175	370
	16,638	24,439

Note 17

Textile Workshop

	2018	2017
	Rupees	Rupees
Opening stock	39,290	19,500
Purchases	17,481	36,498
	56,771	55,998
Closing stock	(21,090)	(39,290)
Textile material consumed	35,681	16,708
Running cost	415	1,650
	36,096	18,358

Note 18

Bedian Farm

	2018	2017
	Rupees	Rupees
Material consumption	436,360	298,703
Running cost and maintenance cost	409,588	383,503
	845,948	682,206

18.1 The bedian farm has contributed farm products amounting Rs. 440,175 to mess of the community houses of the Society. However, this internal transfer has not been charged to mess expenses.

Note 19

Remuneration of Executive Committee

No remuneration was paid to any member of executive committee of the Society during the year (2017: Nil).

Note 20

Basic Financial Instruments by Categories

	2018	2017
	Rupees	Rupees
Financial Assets		
- Long term security deposits	72,000	102,000
- Other receivables	97,068	77,232
- Cash and bank balances	5,679,577	1,586,676
	5,848,645	1,765,908
Financial Liabilities		
- Short term loan	2,900,000	-
- Accrued liabilities	211,863	147,094
	3,111,863	147,094

Note 21

Balance and Transaction with Related parties

Related parties comprise of societies, institutions, members and key management personnel. Significant transaction with related party is given below:

Transaction during the year

Related party	Relationship	Nature of Transaction	2018	2017
			Rupees	Rupees
Mr. Zahid Durrani	General Secretary	Short term loan	2,900,000	-

Outstanding Balance as at the year end

Mr. Zahid Durrani	General Secretary	Short term loan	2,900,000	-
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Note 22

Number of Employees

	June 30, 2018	June 30, 2017
Number of employees	42	42

Note 23

Provident Fund

The society does not maintain any fund for its employees.

Note 24

Authorization of Financial Statements

These financial statements have been authorized and approved for issuance by the Executive Committee of the society on

15 NOV 2018

Note 25

General

Figures have been rounded off to the nearest rupee; and

Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Except as given below no material re-arrangements / reclassifications have been made in these financial statements.

Nature	From	To	Rupees
Security expenses	Assistance to poor students (Face of income and expenditure account)	Sub-contractor's fee for security services (Face of income and expenditure account)	300,090


PRESIDENT


GENERAL SECRETARY


ACCOUNTANT