INDEPENDENT AUDITOR'S REPORT

To the members of Vocational Welfare Society For Mentally Retarded
Report on the Audit of the Financial Statements,

Opinion

We have audited the annexed financial statements of Vocational Welfare Society For Mentally Retarded (the Society), which comprise the statement of financial position as at June 30, 2023 and the statement of income and expenditure, the statement of changes in fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the accompanying financial statements present fairly, in all material respects give a true and fair view of the financial position of Vocational Welfare Society For Mentally Retarded as at June 30, 2023 and its financial performance for the year then ended in accordance with approved accounting and reporting standard as applicable in Pakistan .

Basis for Opinion

We conducted our audit in accordance with 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 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as management 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, management 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 the 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.

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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 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 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 the board of directors 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.

The engagement partner on the audit resulting in this independent auditor's report is Shafqat Raza.

Raza Siddiqui & Co.,
Chartered Accountants.

Date: 27 OCT 2023

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VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		----------Rupees----------	
ASSETS			
Non current assets			
Property, plant and equipment	4	6,375,432	6,980,549
Loan to staff		840,000	400,000
Investment in property		-	2,378,125
		7,215,432	9,758,674
Current assets			
Cash and bank balance	5	4,694,105	5,508,998
TOTAL ASSETS		11,909,537	15,267,672
FUNDS AND LAIBILITY			
General funds			
Opening balance		14,276,872	16,854,753
Excess of expenditure over income		(2,736,635)	(2,577,881)
		11,540,237	14,276,872
Current liabilities			
Accrued expenses		369,300	990,800
TOTAL EQUITY AND LIABILITIES		11,909,537	15,267,672

The annexed notes from 1 to 7 form an integral part of these financial statements.

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VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
STATEMENT OF CHANGES IN FUND
FOR THE PERIOD JUNE 30, 2023

PARTICULARS	EXCESS OF EXPENDITURE OVER INCOME	TOTAL
Balance as on July 01, 2021	16,854,753	16,854,753
Deficit for the year	(2,577,881)	(2,577,881)
Balance as on june 30, 2022	14,276,872	14,276,872
Deficit for the year	(2,736,635)	(2,736,635)
Balance as on june 30, 2023	**11,540,237**	**11,540,237**

The annexed notes from 1 to 7 form an integral part of these financial statements.

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VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD JUNE 30, 2023

EXPENDITURE	2023	2022
	---Rupees---	
Advertisement and publicity	**341,820**	184,930
Art and drawing program	**305,000**	266,800
Audit fee	**21,600**	21,600
Computer expense	**61,235**	82,957
Conveyance	**36,610**	12,800
Creative work program	**120,000**	181,300
Bank charges	**2,222**	2,636
Depreciation	**769,117**	847,070
Entertainment expense	**25,798**	14,660
Evening program	**-**	1,050,000
Function expense	**22,020**	186,600
Gardening expense	**35,185**	201,980
Generator expense	**133,851**	127,082
Health and nutrition	**1,200,000**	600,000
Hunarmand program	**1,102,180**	1,283,231
Internet expense	**15,800**	62,200
Miscellaneous expense	**63,198**	59,943
Legal & professional charges	**40,000**	-
Postage expense	**44,662**	39,368
Photostat expense	**14,277**	28,690
Resource and development	**1,597,500**	1,198,000
Printing and stationary	**46,880**	60,746
Repair & maintenance - building	**1,197,352**	425,740
Repair and maintenance - vehicle	**45,860**	250,860
Special education	**1,173,000**	1,028,500
Shariah fee	**180,800**	-
Staff salary	**1,697,750**	1,338,500
Staff welfare	**366,790**	264,897
Sports activities	**-**	126,700
Spreading hope	**230,000**	221,500
Spreading education	**-**	100,000
SDG's awareness	**71,400**	158,610
Therapy and rehabilitation center	**2,253,650**	1,588,500
Telephone expense	**58,628**	134,879
Transportation expense	**618,717**	931,254
Training seminar	**-**	92,760
Uniform	**262,500**	103,890
Umeed care program	**354,750**	963,905
Girls empowerment program	**420,000**	420,000
Disposal of Assets	**-**	28,015
Consultancy Fee	**250,000**	280,000
Dastkaar Program	**855,750**	729,400
	16,035,902	15,700,503
	16,035,902	**15,700,503**

INCOME	2023	2022
	----Rupees----	
Donation income	**7,254,767**	6,516,165
Donation for hunarmand	**-**	933,457
Donation in kind	**1,200,000**	600,000
Zakat	**4,844,500**	4,623,000
Gain on sale of assets	**-**	450,000
	13,299,267	13,122,622
Excess of expenditure over income	**2,736,635**	2,577,881
	16,035,902	15,700,503

The annexed notes from 1 to 7 form an integral part of these financial statements.

SECRETARY

TREASURER

VOCATIONAL WELFARE SOCIETY FOR MENTALLY RETARDED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 30, 2023

1 STATUS AND NATURE OF BUSINESS

The Society was registered in Pakistan under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961 on November 13, 1971.

The Objective of the Society is providing welfare and charitable services to poor and needy.

The registered office of the society is situated at Adjacent APWA college Compound, Karimabad, F.B Area Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of Revised Accounting and Financial Reporting Standard for Small-sized Entities (SSE/s)' 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 for investments held at fair value through profit or loss which are measured at fair value and as stated in respective policy notes.

These financial statements have been prepared under the accrual basis of accounting except for cash flow information.

2.3 Critical assumptions and estimates

The preparation of financial statements in conformity with approved accounting standards requires 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 result 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 on-going 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.

The areas where required assumptions and estimates are significant to the organization's financial statements or where judgment was exercised in application of accounting policies are as follows:

	Note
a) Useful lives of depreciable assets	3.1
b) Provision for taxation	3.8
c) Impairment of assets	3.16

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

3.1 Property, plant and equipment

Property, plant and equipment including all additions are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 4 to the financial statements.

Full depreciation is charged in the year when the assets are acquired while no depreciation is charged in the year in which the asset is disposed off.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as other operating income or expense. Maintenance and normal repairs are charged to income. Major renewals and improvements are capitalized. Gain and loss on disposal are taken to income.

The assets residual value and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Expenditure incurred subsequent to the initial acquisition of assets are capitalized only when it increases the future economic lives embodied in the items of property, plant and equipment.

3.2 Investments

Initial measurement

Investments are recognized initially at cost which is the fair value of the consideration given for it including transaction cost except for investment carried at fair value through profit and loss.

Subsequent measurement

The other investments made by the organization are classified for the purpose of measurement into the following categories:

Financial assets at fair value through profit or loss

Investments made for generating profit from short term fluctuation in prices, are measured at fair value and resulting gains and losses are included in the net profit and loss for the period.

Available for sale investments

These are the investments that do not fall under held for trading, loans and receivables or held to maturity and are stated at fair values, with any resultant gain or loss recognized as separate component of equity until investments are sold, disposed off or until the investments are determined to be impaired, at which time the accumulated gain or loss previously reported in equity is included in profit and loss account.

Held to maturity investments

Investments with fixed or determinable payments and fixed maturity that the organization has the positive intent and ability to hold to maturity, are measured at amortized cost.

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Loans and receivable

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those that the organization intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the organization upon initial recognition designates as at fair value through income statement; (b) those that the organization upon initial recognition designates as available for sale; or (c) those for which the organization may not recovers substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Subsequent to initial measurement loans and receivables are measured at amortized cost using the effective interest method. Gains/Losses arising on remeasurement of loans and receivables are taken to the income statement.

Gain or loss is also recognized in income statement when loans and receivables are derecognized or impaired, and through the amortization process.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the organization has transferred substantially all risks and rewards of ownership.

3.3 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less repayments, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the profit and loss account over the period of the borrowings on an effective mark-up basis.

3.4 Borrowing costs

Borrowing costs are interest or other costs incurred by the organization in connection with the borrowing of funds. Borrowing cost that is directly attributable to a qualifying asset is capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which they incurred.

3.5 Provisions

A provision is recognized in the balance sheet when the organization has a legal or constructive obligation as a result of a past event, 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. However, provisions are reviewed at each balance sheet date and adjusted to current best estimate.

3.6 Trade debts

Trade debts and other receivables are stated at cost less impairment losses, if any.

3.7 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in future for goods and services.

3.8 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

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Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any.

3.9 Revenue recognition

- Revenue is recognized when donation and charity are received.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and balances at bank which are subject to an insignificant risk of change in value.

3.11 Foreign currency translation

Transactions in foreign currencies are accounted for in rupee at the rate of exchange prevailing on the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the balance sheet date are expressed in rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are taken to the profit and loss account.

3.12 Presentation and functional currency

The financial statements are presented in Pak Rupees, which is the organization's functional and presentation currency.

3.13 Transactions with related parties

All transactions with related parties are carried out by the organization at arm's length price basis.

3.14 Financial assets and liabilities

Financial assets and financial liabilities are recognized when the organization becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

3.15 Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the organization has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.16 Impairment

The carrying amount of the organization's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and accordingly an impairment loss is recognized in the profit and loss account for the carrying amount of the asset that exceeds its recoverable amount.

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4 PROPERTY, PLANT AND EQUIPMENT

Description	Written down value			Rate	Depreciation	W.D.V
	As at July 1, 2022	Addition/Disposal	As at June 30, 2023	%	For the year	as at June 30, 2023
	----------	----------	Rupees ----------			
Building	43,652	-	43,652	10	4,365	**39,287**
Therapy and rehabilitation center	5,843,652	-	5,843,652	10	584,365	**5,259,287**
Furniture	208,280	-	208,280	15	31,242	**177,038**
Educational equipment	21,332	-	21,332	15	3,200	**18,132**
Office equipment	68,392	-	68,392	15	10,259	**58,133**
Air condition	81,433	-	81,433	15	12,215	**69,218**
Electronic equipment	51,291	-	51,291	15	7,694	**43,597**
Motor vehicle	530,495	-	530,495	15	79,574	**450,921**
Solar	-	164,000	164,000	10	16,400	**147,600**
Generator	104,751	-	104,751	15	15,713	**89,038**
Motor vehicle	27,271	-	27,271	15	4,091	**23,181**
June 30, 2023	**6,980,549**	**164,000**	**7,144,549**		**769,117**	**6,375,432**
June 30, 2022	7,999,634	(172,015)	7,827,619		847,070	6,980,549

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	Note	2023	2022
		----------Rupees----------	
5 CASH AND BANK BALANCE			
Cash in hand		**430,430**	304,864
Habib Metropolitan Bank		**582,864**	1,984,155
Allied bank limited		**2,963**	2,963
Muslim commercial bank		**3,677,848**	3,217,016
		4,694,105	5,508,998

6 DATE OF AUTHORIZATION

These financial statements were authorised for issue by the Board of Trustees in their meeting held on 27 OCT 2023

7 GENERAL

The figures have been rounded off to the nearest rupee.

SECRETARY

TREASURER

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