

Independent Auditor's Report to the Board of Governance

Opinion

We have audited the financial statements of the Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons (here-in-after referred to as "The Association") which comprise of statement of financial position as at June 30, 2024, income and expenditure statement, statement of changes in funds and statement of cash flows for the year then ended, along with notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, financial position of the Association as at June 30, 2024, and its financial performance, and its cash flows for the year then ended in accordance with 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 the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethic Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan, 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 Board and Those Charged with Governance for the Financial Statements

The Board 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 controls as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless Board either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statement

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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of Board'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 Association'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 Association 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.

Rahat Aqeel & Co. CA's

Rahat Aqeel and Co.
Chartered Accountants

Engagement Partner: Mr. Aqeel Zahid

Date: 21-Dec-2024

Place: Multan

UDIN: AR202410601z95BlgFeb

**LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024**

	Note	2024Rupees.....	2023
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	4	4,734,847	5,291,836
Long term investments	5	28,300,000	28,300,000
Long term security deposits		10,000	10,000
		33,044,847	33,601,836
CURRENT ASSETS			
Short term Investments	6	24,721,410	-
Advance income tax	7	3,133,939	923,306
Cash and bank balances	8	30,438,408	40,515,498
		58,293,757	41,438,804
		91,338,605	75,040,640
TOTAL ASSETS			
CURRENT LIABILITIES			
Accrued and other liabilities	9	370,000	309,716
		90,968,605	74,730,924
NET ASSETS			
REPRESENTED BY:			
General fund		17,825,440	17,329,761
Restricted fund	10	73,143,165	57,401,163
		90,968,605	74,730,924
CONTINGENCIES & COMMITMENTS			
	11	-	-

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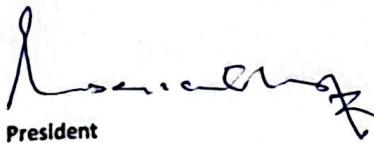
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President


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Treasurer

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Principal

**LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
STATEMENT OF INCOME AND EXPENDITURE
AS AT JUNE 30, 2024**

	2024	2023
	Note	
Rupees.....	
INCOME		
Donations	4,815,371	4,964,366
Contributions	273,100	248,400
	5,088,471	5,212,766
EXPENDITURE		
Staff salaries	2,842,285	2,471,607
Vehicle running expenses	458,726	532,316
Utility charges	235,953	198,289
Repair and maintenance expenses	32,020	138,620
Postage, printing and stationery	6,855	24,714
Bank charges	12,755	10,095
Insurance expenses	126,000	126,000
Legal and professional charges	54,250	15,750
Fee and subscription	46,250	220,000
Audit fee	90,000	60,000
Depreciation	664,489	754,040
Other expenses	23,209	30,977
	4,592,792	4,582,408
Surplus for the year before taxation	495,679	630,358
Taxation	-	-
Surplus after tax for the year	495,679	630,358
Surplus after tax for the year transferred to association fund account	495,679	630,358

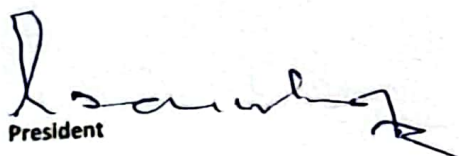

President


Treasurer


Principal

LAHORE ASSOCIATION PAKISTAN
 FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
 STATEMENT OF CHANGES IN FUND
 FOR THE YEAR ENDED JUNE 30, 2024

Description	General fund	Surplus for the year	Sub total	Restricted fund	Total
Balance as at July 01, 2022	11,531,348	5,168,055	16,699,403	43,371,204	60,070,607
Surplus for the year	-	630,358	630,358	14,029,959	14,660,317
Balance as at June 30, 2023	11,531,348	5,798,413	17,329,761	57,401,163	74,730,924
Balance as at July 01, 2023	11,531,348	5,798,413	17,329,761	57,401,163	74,730,924
Surplus for the year	-	495,679	495,679	15,742,002	16,237,681
Balance as at June 30, 2024	11,531,348	6,294,092	17,825,440	73,143,165	90,968,605

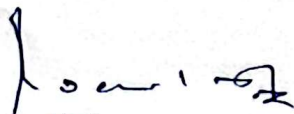

 President


 Treasurer


 Principal

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Rupees.....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	495,679	630,358
Adjustments for non-cash income and expenses:		
Depreciation	664,489	754,040
Cash flow before working capital changes	<u>1,160,168</u>	<u>1,384,398</u>
Changes in working capital:		
(Increase) / decrease in current assets		
Advance income tax	(2,210,633)	(655,403)
Increase / (decrease) in current liabilities		
Accrued & other liabilities	60,284	67,864
	<u>(2,150,349)</u>	<u>(587,539)</u>
Net cash generated from operating activities	<u>990,181</u>	<u>796,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of fixed asset	(107,500)	(147,950)
Realization of term deposit receipts	-	4,000,000
Investment in term deposit receipts	(24,721,410)	-
Net cash used in investing activities	<u>(24,828,910)</u>	<u>3,852,050</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted funds received	15,742,002	14,029,959
Net cash generated from financing activities	<u>15,742,002</u>	<u>14,029,959</u>
Net increase/(decrease) in cash and cash equivalents	<u>(10,077,089)</u>	<u>18,678,868</u>
Cash and cash equivalents at the beginning of the year	<u>40,515,498</u>	<u>21,836,630</u>
Cash and cash equivalents at the end of the year	<u>30,438,409</u>	<u>40,515,498</u>


President


Treasurer


Principal

**LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

1 The Association and its activities

Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons ("the Association") formerly named as Lahore Association Pakistan (Registered) Fukuoka School for Special Children, was registered with Directorate of Social Welfare, Government of the Punjab on 29th November 1992 in Lahore under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961. The registered office of the association is located at 248-C, Punjab Co-operative Housing Society (PCHS), Lahore Cantt. The principal activity of the association is to provide education to mentally handicapped persons. The association at its registered office is running school for special children in the name and style of Fukuoka School for Special Children.

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. The accounting and reporting standards applicable in Pakistan comprise of Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan and Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) 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.

2.3 Presentation and functional currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Entity's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment
- Provision for impairment of inventories
- Impairment loss of non-financial assets other than inventories
- Provision for doubtful trade receivables
- Estimation of provisions
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses)

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is 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.

3 Significant accounting policies

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

**LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

3.1 Operating fixed assets

Property and equipment, except freehold land, are stated at cost less accumulated depreciation. Freehold land is stated at cost. Cost includes purchase cost and any incidental expenses of acquisition. Depreciation on property, plant and equipment is charged to income & expenditure account using reducing balance method. Depreciation on additions is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off. Gains/ losses on sale of property and equipment are credited/ charged to the income & expenditure account. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income & expenditure account.

3.2 Investment

Investment is accounted for at cost less any accumulated impairment losses. Profit from investments is recognized as other income in the statement of income and expenditure when the company's right to receive payment has been established.

3.3 Cash and cash equivalents

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and cheques in hand.

3.4 Trade and other payables

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.5 Funds

General Fund

Surplus arising on un-restricted funds is recognized in general fund.

Restricted Fund

Restricted fund is established by the management of the entity for conducting specific projects. Donations received or receivable for these projects are recognized as income in statement of income and expenditure. Surplus/deficit (if any) for the year is transferred to general fund. On completion of these projects, remaining surplus (if any) from restricted funds, may be reimbursed to donor or transferred in to general funds at the discretion of donor and management of the entity.

3.6 Income recognition

Income is recognized when it is probable that economic benefits will flow to the entity and the income can be measured reliably.

Grant/ donations income

Income from grants/ donations is recognized when there is reasonable assurance that the grant/donation will be received and all attached conditions will be complied with.

Other income

Return on saving accounts and income from Term Deposits Receipts are recognized on time proportion basis.

**LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Voluntary contributions

These are recognized when received.

3.7 Taxation

Income tax comprises of current tax.

Income tax expense is recognized in the statement of income and expenditure except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in in other comprehensive income or equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

3.8 Related party transactions

These are stated at arm length basis.

3.9 Restricted funds

Donation received during the year is recognized as deferred grants which is treated as Restricted Funds. These are recognized as income in the same period or periods as the related expenses are recognized.

**LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024**

4 Operating fixed assets

	LAND	BUILDING	FURNITURE AND FIXTURES	OFFICE EQUIPMENT	ELECTRIC EQUIPMENT	OWNED VEHICLES	Total
Cost	700,000	2,584,883	560,999	474,393	64,800	11,136,270	15,521,345
Accumulated depreciation	-	(1,963,077)	(478,115)	(383,620)	(1,620)	(7,403,077)	(10,229,509)
Carrying amount as at July 01, 2023	700,000	621,806	82,884	90,773	63,180	3,733,192	5,291,836
Additions	-	-	-	-	107,500	-	107,500
Disposals- carrying amount	-	-	-	-	-	-	-
Depreciation charge for the year	-	62,181	12,433	13,616	16,280.75	559,979	664,489
Carrying amount as at June 30, 2024	700,000	559,626	70,451	77,157	154,399	3,173,213	4,734,847
The carrying amount as at June 30, 2024 is aggregate of:							
Cost	700,000	2,584,883	560,999	474,393	172,300	11,136,270	15,628,845
Accumulated depreciation	-	(2,025,257)	(490,548)	(397,236)	(17,901)	(7,963,056)	(10,893,998)
Rate of depreciation per annum	700,000	559,626	70,451	77,157	154,399	3,173,213	4,734,847
	-	10%	15%	15%	15%	15%	

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

	Note	2024	2023
	Rupees.....	
5 Long term investment			
Investment in TDR	5.1	<u>28,300,000</u>	<u>28,300,000</u>
		<u>28,300,000</u>	<u>28,300,000</u>
5.1 It represents amount invested from restricted funds with FINCA Microfinance Bank Limited in "Tahaffuz Term Deposit Receipts (TDR's)" for a period of three years. Profit on these TDR's is paid on monthly basis. Following are the details of TDR's:			
TDR's:	Maturity Date	Rate of Return	
Tahaffuz Term Deposit Receipts	20-Jun-25	14.5%	8,300,000
Tahaffuz Term Deposit Receipts	20-Jun-25	14.5%	10,000,000
Tahaffuz Term Deposit Receipts	20-Jun-25	14.5%	10,000,000
			<u>28,300,000</u>
			<u>28,300,000</u>
6 Short term investments			
Investment in TDR	6.1	<u>27,367,961</u>	-
		<u>27,367,961</u>	<u>-</u>
6.1 It represents amount invested from restricted funds with FINCA Microfinance Bank Limited in "Tahaffuz Term Deposit Receipts (TDR's)" for a period of three years. Profit on these TDR's is paid on monthly basis. Following are the details of TDR's:			
	Maturity Date	Rate of Return	
Tahaffuz Term Deposit Receipts	12-Dec-24	21.4%	27,367,961
			-
			<u>27,367,961</u>
			<u>-</u>
7 Advances, deposits and prepayments			
Advance Income tax		2,533,939	923,306
Other advances		600,000	
		<u>3,133,939</u>	<u>923,306</u>
8 Cash and bank balances			
Cash in hand		16,971	7,796
Cash at bank			
-Saving Account		30,421,437	40,507,702
		<u>30,438,408</u>	<u>40,515,498</u>
9 Accrued and other liabilities			
Accrued liabilities		370,000	309,716
		<u>370,000</u>	<u>309,716</u>

LAHORE ASSOCIATION PAKISTAN
FOR THE WELFARE OF MENTALLY HANDICAPPED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

	Note	2024	2023
	Rupees.....	
10 Restricted Funds			
Opening balance		57,401,163	43,371,204
For the year addition:			
-Profit on TDR	10.1	4,109,489	4,193,411
-Profit on Saving Account	10.1	6,709,785	4,601,086
-Donations	10.2	4,922,728	5,235,462
-Interest income		2,646,551	-
		<u>15,742,002</u>	<u>14,029,959</u>
Closing balance		<u><u>73,143,165</u></u>	<u><u>57,401,163</u></u>

10.1 The profit from savings accounts and term deposit receipts are restricted to fund specifically for acquiring land.

10.2 These donations received during the year restricted specifically for the purpose of the expansion of land.

11 Contingencies & commitments

There are no contingencies and commitments in the name of Lahore Association Pakistan for the Welfare of Mentally Handicapped Persons as on 30 June 2024 (2023: nil).

12 Utility charges

Electricity bills-expense	198,493	166,079
PTCL bills-expense	37,460	32,210
	<u>235,953</u>	<u>198,289</u>

13 Taxation

No provision for income tax is made in the financial statements for the reason that association is a non profit organisation certified by Pakistan Centre for Philanthropy, Islamabad and is established for the welfare of mentally disabled children. The income of the Association shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of Income Tax Ordinance 2001.


14 Date of authorisation

These financial statements were authorized and approved for issue by the Board of Trustees of the Association on 21-Dec-2024

15 General

15.1 Figures have been rounded off to the nearest of rupee.

15.2 Corresponding figures have been presented.


President


Treasurer


Principal