

**Charity Right Welfare Association  
Financial Statements  
For the year ended June 30, 2020**

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Trustees of CHARITY RIGHT WELFARE ASSOCIATION**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statement of **CHARITY RIGHT WELFARE ASSOCIATION**, which comprises the balance sheet as at **June 30, 2020**, income and expenditure account, the statement of cash flow 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 and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account and statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, in the manner so required and respectively give a true and fair view of the state of the entity's affairs as at June 30, 2020 and of the profit for the year then ended and its cash flows for the year then ended.

**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 entity in accordance with International Ethics 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 Management and Board of Trustees 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 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 operation, or has no realistic alternative but to do so.

Board of trustees are responsible for overseeing the entity's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

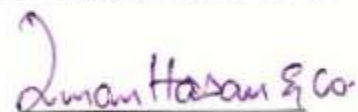
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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, 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 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 the 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 the board of trustees 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.

Date: 23-Dec-2020  
Karachi

  
Chartered Accountants  
Syed Imran Hassan Zaidi

CHARITY RIGHT WELFARE ASSOCIATION  
STATEMENT OF FINANCIAL AFFAIRS  
AS AT 30 JUNE, 2020

		June 30, 2020	June 30, 2019
	Notes	RUPEES	RUPEES
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	1,300,356	1,429,514
Long term deposits		517,000	517,000
		<b>1,817,356</b>	<b>1,946,514</b>
<b>CURRENT ASSETS</b>			
Advance tax		-	23,810
Loan and advances		186,000	-
Cash and bank balances	5	2,041,794	9,049,218
		<b>2,227,794</b>	<b>9,590,028</b>
<b>Property and Equipment</b>		<b>4,045,150</b>	<b>11,019,452</b>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>			
<b>ACCUMULATED FUND AND DEFERRED GRANT</b>			
Accumulated funds		86,485	10,912,952
<b>NON- CURRENT LIABILITIES</b>			
Security deposit payable		97,750	106,500
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,860,915	-
		<b>3,860,915</b>	<b>-</b>
		<b>4,045,150</b>	<b>11,019,452</b>

The annexed notes form an integral part of these financial statement.



PRESIDENT



GENERAL SECRETARY

CHARITY RIGHT WELFARE ASSOCIATION  
 STATEMENT OF FINANCIAL ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

		June 30,2020	June 30,2019
	Notes	RUPEES	RUPEES
<b>RESTRICTED CONTRIBUTION</b>			
Zakat and Sadqah restricted	6	62,161,049	31,222,229
		62,161,049	31,222,229
<b>EXPENSES</b>			
Expenditure	7	62,161,049	31,222,229
<b>SURPLUS / (DEFICIT) FOR THE PERIOD</b>		<u>-</u>	<u>-</u>

The annexed notes form an integral part of these financial statement.

  
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 PRESIDENT

  
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 GENERAL SECRETARY



CHARITY RIGHT WELFARE ASSOCIATION  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	June 30,2020	June 30,2019
Notes	<u>RUPEES</u>	<u>RUPEES</u>
Opening Balance of Accumulated Fund	10,912,952	14,381,759
Restricted Contribution Received	51,334,582	27,753,422
Funds Utilized	(62,161,049)	(31,222,229)
Closing balance	<u>86,485</u>	<u>10,912,952</u>

The annexed notes form an integral part of these financial statements.



PRESIDENT



GENERAL SECRETARY

**CHARITY RIGHT WELFARE ASSOCIATION  
STATEMENT OF CASHFLOWS  
FC FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2020	June 30, 2019
	————— Rupees —————	
<b>Cash Flows From Operating Activities</b>		
Excess of funds utilized	(10,826,467)	(3,468,807)
<b>Adjustments for:</b>		
Depreciation	373,424	326,252
Finance cost	18,941	5,391
	392,365	331,644
<b>Operating Surplus Before Working Capital Changes</b>	(10,434,102)	(3,137,163)
<b>Changes In Working Capital</b>		
<b>(Increase)/Decrease in Current Assets</b>		
Loan and advances	(186,000)	-
	(186,000)	-
	(10,620,102)	(3,137,163)
<b>Increase/ (Decrease) In Current Liabilities</b>		
Trade and other payables	3,860,915	-
	3,860,915	-
<b>Changes In Working Capital</b>	(6,759,187)	(3,137,163)
Advance tax	23,810	(2,217)
Finance cost paid	(18,941)	(5,391)
<b>Net cash flows from operating activities</b>	(6,754,318)	(3,144,772)
<b>Cash flows From Investing Activities</b>		
Additions in Property and equipment	(244,356)	(1,312,929)
(Increase)/decrease in long term deposits	-	(473,000)
<b>Net cash flows from investing activities</b>	(244,356)	(1,785,929)
<b>Cash Flows from Financing Activities</b>		
Security deposit (refunded)/received	(8,750)	106,500
<b>Net cash flows from financing activities</b>	(8,750)	106,500
<b>Net (decrease) in cash and bank balances</b>	(7,007,424)	(4,824,201)
<b>Cash and cash equivalent at the beginning of the year</b>	9,049,218	13,873,419
<b>Cash and cash equivalent at the end of the year</b>	2,041,794	9,049,218

The annexed notes form an integral part of these financial statements.

  
PRESIDENT

  
GENERAL SECRETARY

**CHARITY RIGHT WELFARE ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1 STATUS AND NATURE OF ACTIVITIES**

The **Charity Right Welfare Association** is a non government and non profit organization, is created on 25th January 2016 and registered under the Societies Registration Act, XXI of 1860. The registered office is situated at 401, Trade Centre, B-47, Block 13-A, Gulshan e Iqbal, Karachi. The main object of the association is to reform and rehabilitate the homeless children and to promote education.

**2 STATEMENT OF COMPLIANCE**

**2.1 Accounting convention**

These financial statements have been prepared under the historical cost convention and accrual basis of accounting except as otherwise stated

**2.2 Basis of preparation**

These financial statements have been prepared in accordance with the requirements of accounting standard for Not for Profit Organization (NPO) issued by Institute of Chartered Accountants of Pakistan.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to financial activities on straight line method so as to charge cost of an asset over its useful life, at rates mentioned in note to these financial statements.

Depreciation on additions is charged from the year the asset is available for use and ceases on date of disposal. Maintenance and normal repairs are charged to statement of financial activities as and when incurred.

Residual values and useful lives are reviewed at each statement of financial affairs date and adjusted if expectation differ from previous estimates. Useful lives are determined based on expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence and other similar factors. Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of financial activities during the financial year in which they are incurred.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no

**3.2 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial affairs at recoverable amount. For the purpose of cash flow statement, cash and cash equivalents represents cash at bank in current account. Cash denominated in foreign currency and foreign currency bank account are translated at year end

**3.3 Creditors, accrued and other liabilities**

Creditors, accrued and other liabilities are recognised at cost which is the fair value of the consideration to be paid in future for goods and services. The recoverable amount is equal to fair value.



### **3.4 Restricted Contribution for Expense of current period**

Restricted Contribution received for expenses of current period is recognized as revenue in the current period. Restricted contributed is received or recognized as receivable in the same period in which the related expense is incurred.

### **3.5 Unrestricted Contribution**

*Unrestricted contribution are recognized as revenue in current period.*

### **3.6 Taxation**

Charity Right Welfare Association is a not for profit organisation, therefore its total income except those arising from business activity is exempt from tax under sub clause (3) of clause 58 of Part-I of Second Schedule to the Income Tax Ordinance, 2001 .

### **3.7 Foreign currency transactions**

Foreign currency transactions are translated into Pak rupees at the rate of exchange prevailing on the date of each transaction. . Exchange gain/(loss) on realization of foreign currency denominated monetary assets/liabilities are credited/(debited) to statement of financial activity . Foreign currency denominated monetary assets/liabilities are translated at exchange rate prevailing at the date of statement of financial affairs and unrealized gain/(loss) are recorded in statement of financial activities with corresponding increase/decrease in monetary asset and liability.

### **3.8 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is set off and the net amount is reported in the financial statements if Charity Right Welfare Association has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the society does not offset

### **3.9 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which Charity Right Welfare Association operates . The financial statements are presented in Pakistan Rupees, which is the functional and presentation currency of Charity Right Welfare Association

#### 4 Property and equipment- Restricted

Description	2020							
	Cost			RATE %	Accumulated depreciation			Net book value June 30, 20
	As at July 1, 2019	Additions / (Deletions)	As at June 30, 2020		As at July 1, 2019	Charge for the year	Adjustments for disposal	
	--- R U P E E S ---				----- R U P E E S -----			
Equipment	1,332,917	174,356	1,507,273	20%	431,563	301,455	733,018	774,255
Furniture & Fixtures	596,688	17,000	613,688	10%	68,618	61,369	129,987	483,701
Vehicles		53,000	53,000	20%	-	10,600	10,600	42,400
	<u>1,929,605</u>	<u>244,356</u>	<u>2,173,961</u>		<u>500,181</u>	<u>373,424</u>	<u>873,605</u>	<u>1,300,356</u>

Description	2019							
	Cost			RATE %	Accumulated depreciation			Net book value June 30, 19
	As at July 1, 2018	Additions / (Deletions)	As at June 30, 2019		As at July 1, 2018	Charge for the year	Adjustments	
	--- R U P E E S ---				----- R U P E E S -----			
Equipment	547,691	785,226	1,332,917	20%	164,890	266,583	431,473	901,444
Furniture & Fixtures	68,985	527,703	596,688	10%	8,949	39,669	68,618	528,070
	<u>616,676</u>	<u>1,312,929</u>	<u>1,929,605</u>		<u>173,839</u>	<u>326,252</u>	<u>500,091</u>	<u>1,429,514</u>

#### 5 CASH AND BANK

	June 30, 2020 Rupees	June 30, 2019 Rupees
Cash in hand	744,056	1,662,562
Cash at bank	1,297,738	7,386,656
	<u>2,041,794</u>	<u>9,049,218</u>

#### 6 Restricted Contribution

	<u>62,161,049</u>	<u>31,222,229</u>
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#### 7 Expenditure

Ration Distribution	6,578,126	9,381,714
School Feeding Expenses	39,428,878	10,970,906
Salaries and allowances	6,436,788	4,311,762
Qurbani in Tharparker District	3,588,263	2,739,840
Cartage and labour	1,966,158	922,566
Visit Expense	417,013	812,654
Advertising & Marketing Exp	105,995	21,000
Office rent	2,144,774	924,000
Bank Charges	18,941	5,391
Printing and stationary	58,670	46,890
Utility expenses	212,276	83,445
Communication Expenses	110,949	47,549
Website Development	12,710	12,410
School fee	217,649	211,781
Entertainment Expense	230,369	80,579
Repair and maintainance	186,345	207,232
Legal and professional Charges	20,000	19,440
Travelling & Conveyance	30,200	-
Postages & Mailing	4,985	5,830
Miscellaneous Purchases	18,536	90,988
Depreciation	373,424	326,252
	<u>62,161,049</u>	<u>31,222,229</u>

## 8 Authorization

These financial statements were authorized for issue on 23 Dec 2020 by management committee.

## 9 General

Figures have been rounded off to the nearest rupee.



PRESIDENT



GENERAL SECRETARY