



Audit Report

PERIOD: 1 JULY 2021- 30 JUNE 2022

Audit Report 2022

ARSHAD RAHEEM & Co Chartered Accountants

YOUSAF ISLAM HOUSE
39-Link Farid Kot Road,
Near A.G. Office, LAHORE.
Tel: (92-42) 7236167 - 7312590
Fax: (92-42) 7236168
E-mail: arshad.raheem@gmail.com

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF TAKMIL FOUNDATION

Opinion

We have audited the financial statements of **Takmil Foundation** (the Society) which comprise the statement of financial position, statement of income and expenditure, statement of changes in funds, statement of cash flow for the year ended **June 30, 2022** and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the society's financial statements present fairly, in all material respects, the financial statements as at **June 30, 2022** and the financial statements for the year then ended in accordance with approved Accounting and Reporting Standards as applicable in Pakistan.

Basis of 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 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 management 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 management determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management committee is responsible for assessing the society 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.

The management committee is responsible for overseeing the society's financial reporting process.

Audit Report 2022

ARSHAD RAHEEM & Co Chartered Accountants

- 2 -

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 misstatements, whether due to fraud or error, and to issue an auditor's report that include our opinion. Reasonable assurance is a high level of assurance, but is not 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 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 risk of material misstatements 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 of 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 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.

Audit Report 2022

ARSHAD RAHEEM & CO
Chartered Accountants

-3-

We communicate with the management committee 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.

Other Matter

The financial statements of the society for the year ended **June 30, 2021** were audited by another firm of auditors who had expressed an unmodified opinion thereon vide their report dated **July 16, 2021**.

The engagement partner on the audit resulting in this independent auditors' report is Arshad Raheem.



ARSHAD RAHEEM & CO.
CHARTERED ACCOUNTANTS
LAHORE;

DATED: 31 DEC 2022

Audit Report 2022

TAKMIL FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTE	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	5	861,581	961,540
Intangible assets	6	54,505	77,865
CURRENT ASSETS			
Short term receivables		-	79,670
Cash and bank balances	7	1,179,817	1,609,222
		<u>1,179,817</u>	<u>1,688,892</u>
		<u>2,095,903</u>	<u>2,728,297</u>
FUNDS AND LIABILITIES			
General fund		792,537	1,841,313
CURRENT LIABILITIES			
Accrued and other payables		1,303,366	886,984
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		<u>2,095,903</u>	<u>2,728,297</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.



(CHAIRMAN)



(FINANCE SECRETARY)



(GENERAL SECRETARY)

Audit Report 2022

TAKMIL FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Donations	9	16,483,326	12,704,663
Other income		-	-
		<u>16,483,326</u>	<u>12,704,663</u>
OPERATING EXPENDITURES			
Educational programme	10	15,332,570	8,228,376
ADMINISTRATIVE AND GENERAL			
Administrative and general	11	2,199,504	2,993,951
Finance cost		28	20,815
		<u>2,199,532</u>	<u>3,014,766</u>
(Deficit) / Surplus for the year		<u><u>(1,048,776)</u></u>	<u><u>1,461,521</u></u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

(CHAIRMAN)

(FINANCE SECRETARY)

(GENERAL SECRETARY)

Audit Report 2022

**TAKMIL FOUNDATION
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2022**

	Accumulated surplus of income over expenditure
	Rupees
Balance as at June 30, 2020	379,792
Total surplus for the year	<u>1,461,521</u>
Balances as on June 30, 2021	1,841,313
Total deficit for the year	<u>(1,048,776)</u>
Balances as on June 30, 2022	<u><u>792,537</u></u>

The annexed notes from 1 to 13 form an integral part of these financial statements.



(CHAIRMAN)



(FINANCE SECRETARY)



(GENERAL SECRETARY)

Audit Report 2022

TAKMIL FOUNDATION

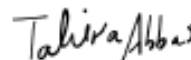
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / Surplus for the year		(1,048,776)	1,461,521
Adjustments of non cash items:			
Depreciation	5	183,459	215,339
Amortization	6	23,360	7,414
Finance cost		28	20,815
		206,847	243,568
(Deficit) / Surplus before working capital changes		(841,929)	1,705,089
Effect of working capital changes:			
<i>(Increase) / decrease in current assets:</i>			
Short term receivables		79,670	(79,670)
<i>Increase / (decrease) in current liabilities:</i>			
Trade and Other Payables		416,382	760,907
		496,052	681,237
Cash generated from operations		(345,877)	2,386,326
Less: Finance Cost Paid		(28)	(20,815)
Net cash generated from operating activities		(345,905)	2,365,511
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Expenditure		(83,500)	(982,500)
Purchase of Intangible Assets		-	(15,000)
Net cash used in investing activities		(83,500)	(997,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
Net (decrease) / increase in cash and cash equivalents		(429,405)	1,368,011
Cash and cash equivalents at the beginning of year		1,609,222	241,211
Cash and cash equivalents at the end of year		1,179,817	1,609,222

The annexed notes from 1 to 13 form an integral part of these financial statements.


(CHAIRMAN)


(FINANCE SECRETARY)


(GENERAL SECRETARY)

Audit Report 2022

TAKMIL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. THE FOUNDATION AND ITS OPERATIONS

The TAKMIL Foundation (the foundation) was incorporated in Pakistan as a non-governmental, non-political organisation on 06 September 2018 under the Society Registration Act, XXI of 1860. The registered address of Foundation is office No .1, 1st Floor p-5, Main Market, Satiana Road, Faisalabad, Pakistan. The Foundation also has a branch office in Lahore, Pakistan located at 29 -B/2, Riaz Ali Shah Road, Block B2, GulbergIII, Lahore.

1.1 School Network

The Foundation school units are present across the country in following territories:

	<u>No off Units</u>	<u>Percentage</u>
Punjab	5	24%
Sindh	4	19%
Baluchistan	6	29%
Khyber Pakhtunkhwa	6	29%
	21	100%

1.2 AIMS AND OBJECTIVES

The foundation is principally engaged in providing and established to promote the following aims and objective;

To provide the basic literacy, primary and secondary education to the out of school children using the latest internet and digital technology in close collaboration with Government, semi Government and other Non-Profit Organisations;

and other aims and objectives are listed in Memorandum of Association of Foundation

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-sized entities (IFRSs for SMEs) and Accounting Standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

3. BASIS OF MEASUREMENT

3.1 Basis of preparation

3.1.1 These financial statements have been prepared under historical cost convention.

3.1.2 The Foundation maintains its books of account on accrual basis, except for the donation including foreign donation, which are measure on receipts basis.

3.2 Presentation and functional currency

These financial statements have been presented in Pak Rupees, which is the foundation's functional and presentation currency. The figures in these financial statements have been rounded off to the nearest Rupees.

Audit Report 2022

3.3 Critical accounting estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to foundation's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Residual values and useful life and impairment of operating fixed assets (Note: 4.1)
- Provisions (Note: 4.5)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except freehold land which is stated at cost.

Depreciation is charged on reducing balance method at the rates stated in note 5. Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged for the month of disposal.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income and expenditure account in the year asset is derecognized.

Normal repair and maintenance is charged to income and expenditure account as and when incurred, while major renewals and replacements are capitalized.

The carrying amount of operating fixed assets are reviewed at each balance sheet date to identify the circumstances indicating the occurrence of impairment loss or reversal of previously recognized impairment losses. If any such indication exists, the recoverable amount of such asset is estimated.

Where an impairment loss subsequently reverses, the carrying amount of such asset is increased to the extent that it does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss has been charged. A reversal of the impairment loss is recognized in income and expenditure account.

4.2 Intangibles

Recognition and measurement

Intangibles, with finite useful lives, are measured at cost less accumulated amortization and impairment losses, if any. Amortization is charged to profit or loss account using the reducing balance method over its useful life.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is charged to profit or loss account as incurred.

De-recognition

Gains or losses arising from de-recognition of an intangibles are measured as the difference between the net disposal proceeds and the carrying amount of an asset and are charged in the profit or loss account.

Audit Report 2022

4.3 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at banks on current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.4 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 the future for goods and services.

4.5 Provisions

Provisions are recognized in the balance sheet when the foundation has legal or constructive obligation as a result of past events, and it is probable that outflow of 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 reflect current best estimates.

4.6 Restricted fund

Funds held for specific usage are restricted funds and are separately accounted for in the financial statements.

Contributions against restricted funds are initially recognized at fair value in the balance sheet when there is reasonable assurance that the contribution will be received and the conditions specified for its receipt have been complied with. Restricted contributions are recognized as revenue in the income and expenditure account on a systematic basis in the same period in which the related expenditure is incurred.

4.7 Foreign currency translation

Foreign currency transactions are converted to Pak Rupee at rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing on the balance sheet date. Exchange differences, if any, are taken to income and expenditure account.

4.8 Taxation

Donation income of the foundation is exempt under Section 2(36) of the Income Tax Ordinance, 2001 read with the Rule 214(3) of the Income Tax Rules 2002. No tax liability has been charged as the foundation can claim 100% tax credit under Section 100(c) of Income Tax Ordinance, 2001.

Audit Report 2022

5. OPERATING FIXED ASSETS

PARTICULARS	2022							NET BOOK VALUE AS ON 30 JUNE 2022	RATE %
	COST			ACCUMULATED DEPRECIATION					
	As on 01 July 2021	Additions	As on 30 Jun 2022	As on 01 July 2021	For the year	As on 30 June 2022			
	-----Rupees-----								
Building-Lease hold improvements	514,500	-	514,500	25,725	24,439	50,164	464,336	5	
Office Equipments	277,683	83,500	361,183	141,618	65,870	207,488	153,695	30	
Furniture and fixture	12,500	-	12,500	1,250	1,125	2,375	10,125	10	
Computers	411,500	-	411,500	123,450	86,415	209,865	201,635	30	
Electrical Equipment	44,000	-	44,000	6,600	5,610	12,210	31,790	15	
2022	1,260,183	83,500	1,343,683	298,643	183,459	482,102	861,581		
2021	277,683	982,500	1,260,183	141,618	157,025	298,643	961,540		

6. Intangibles

	Note	Rupees
Cost		102,790
Accumulated amortization	6.1	(48,285)
Net book value		<u>54,505</u>

6.1 Accumulated amortization

Opening balance	24,925
Amortization charge during the year	<u>23,360</u>
Closing balance	<u>48,285</u>

Audit Report 2022

	Note	2022 Rupees	2021 Rupees
7. CASH AND BANK BALANCES			
Bank balance - current account		1,164,567	1,593,972
Cash in hand		15,250	15,250
		<u>1,179,817</u>	<u>1,609,222</u>
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
Contingencies as on statement of financial position date were Nil (2021: Nil).			
8.2 Commitments			
Commitments as on statement of financial position date were Nil (2021: Nil).			
9. INCOME			
Local donation		535,790	7,908,528
Foreign donation		15,947,536	4,796,135
		<u>16,483,326</u>	<u>12,704,663</u>
10. Educational programme			
Staff salaries and allowances		10,799,045	5,642,572
Staff welfare		184,000	-
Printing and stationery		572,650	1,239,661
Telephone, postage and communication		8,000	188,040
Student Stationary		988,312	145,066
Office supplies		8,000	16,700
School activities		205,560	45,300
Photography and videography		169,000	55,500
Books		698,780	184,992
Technology		566,358	202,500
Meetings and conference		82,107	117,082
Skill Development Program		254,400	126,634
Fundraising Expense		6,414	-
Depreciation	5	183,459	215,338
Amortization	6	23,360	7,414
Miscellaneous expense		50,000	9,407
Income tax expense		31,335	-
Monitoring and evaluation		42,790	-
Curriculum Development		459,000	32,170
		<u>15,332,570</u>	<u>8,228,376</u>

Audit Report 2022

	Note	2022 Rupees	2021 Rupees
11 ADMINISTRATIVE AND GERNAL EXPENSES			
Staff salaries and allowances		1,114,500	2,772,618
Teacher Training		192,470	60,000
Fee and subscription		537,700	20,000
Legal and professional		271,501	58,000
Auditor's remuneration		83,333	83,333
		<u>2,199,504</u>	<u>2,993,951</u>

12. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 12 / 31 / 2022 by the Board of Trustees.

13. GENERAL

- Figures have been rounded off to the nearest rupees.
- Previous figures have been rearranged, where necessary for the purpose of comparison. However, No significant classification / rearrangement made during the year



(CHAIRMAN)



(FINANCE SECRETARY)



(GENERAL SECRETARY)

خواب سے تعبیر تعبیر سے تکمیل

TEACH A KID MAKE INDIVIDUAL LIFE

TAKMIL

takmil.org

