

**KHALIL NAINITALWALA EDUCATIONAL SOCIETY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

## AUDITORS' REPORT TO THE MEMBERS

### Opinion

We have audited the financial statements of **KHALIL NAINITALWALA EDUCATIONAL SOCIETY**, which Comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust as at June 30, 2021, and its financial Performance for the year then ended in accordance with accounting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing 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 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 Trustees are responsible for the preparation are 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 Trustees determine(s) 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, Trustees are responsible for assessing the trust'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 trust or to cease operations, or has no realistic alternative but to do so.

Those charges with governance are responsible for overseeing the trust financial reporting process.

### Auditor's responsibilities for the Audit of the financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 standards 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 standards 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 trust internal control.
- Evaluate the appropriateness of account policies used and the reasonableness of account 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 trust 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 trust 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 finding, including any significant deficiencies in internal control that we identify during our audit.

  
**Tanveer Afzal & Company**  
Chartered Accountant

Date: 30-September-2021  
Place: Karachi





**KHALIL NAINITALWALA EDUCATIONAL SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 -----Rupees-----	2020
<b>CAPITAL AND LIABILITIES</b>			
Khalil nainitalwala educational society fund	4	6,557,926	14,983,580
<b>NON-CURRENT LIABILITIES</b>			
Security deposit		17,938,158	16,369,558
<b>CURRENT LIABILITIES</b>			
Loan from members	5	31,300,000	31,300,000
Bank overdraft		985,939	1,615,151
Creditors, accrued and other liabilities	6	5,421,816	2,127,641
		37,707,755	35,042,792
		<u>62,203,839</u>	<u>66,395,930</u>
Contingencies and Commitments	7		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	52,959,124	58,892,431
<b>CURRENT ASSETS</b>			
Advances, deposits and other receivables	9	5,053,711	3,474,059
Advance Income tax		3,644,922	3,483,358
Cash and bank balances	10	546,082	546,082
		9,244,715	7,503,499
		<u>62,203,839</u>	<u>66,395,930</u>

The annexed notes from an integral part of these financial statements

  
**President**

  
**Hon. Secretary**

**KHALIL NAINITALWALA EDUCATIONAL SOCIETY**  
**STATEMENT OF PROFIT OR LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 -----Rupees-----	2020
Fee income	11	9,615,624	13,711,030
<b>Operating expenses</b>			
Academic expenses	12	(22,854,808)	(29,444,691)
Other expenses (non academic)	13	(2,935,099)	(5,535,007)
Total expenditure		(25,789,907)	(34,979,698)
<b>Operating deficit</b>		(16,174,283)	(21,268,668)
Other income	14	7,771,891	7,503,920
Finance cost		(23,262)	(9,691)
<b>Net operating deficit</b>		(8,425,654)	(13,774,439)

The annexed notes from an integral part of these financial statements

  
**President**

  
**Hon. Secretary**

**KHALIL NAINITALWALA EDUCATIONAL SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net operating deficit	(8,425,654)	(13,774,439)
Adjustments for:		
Depreciation	6,107,757	6,992,054
Finance cost	23,262	9,691
	6,131,019	7,001,745
<b>Operating cash flows before working capital changes</b>	(2,294,635)	(6,772,694)
<b>Changes in working capital</b>		
<b>(Increase) in current assets</b>		
Advances, deposits and other receivables	(1,579,652)	(864,736)
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	3,294,175	(1,468,969)
	1,714,523	(2,333,705)
<b>Cash used in operations</b>	(580,112)	(9,106,399)
Taxes paid	(161,564)	(152,648)
Finance cost paid	(23,262)	(9,691)
<b>Net cash used in operating activities</b>	(764,938)	(9,268,738)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(174,450)	(351,592)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from related party-net	-	11,000,000
Bank overdraft	(629,212)	(1,395,669)
Proceeds from long term security deposits	1,568,600	110,000
<b>Net cash generated from financing activities</b>	939,388	9,714,331
<b>Net increase in cash and cash equivalents</b>	-	94,001
Cash and cash equivalents at beginning of the year	546,082	452,081
Cash and cash equivalents at end of the year	546,082	546,082

The annexed notes from an integral part of these financial statements

  
**President**

  
**Hon. Secretary**

**KHALIL NAINITALWALA EDUCATION SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1 NATURE AND STATUS OF TRUST**

Khalil Nainitalwala Education Society (the Trust), was established on December 07, 2000. The registered office of the Trust is located at 43/1-H, Block # 6, Main Razi Road, Karachi, Pakistan. The object of the Trust is to provide educational schools throughout Pakistan.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) applicable to non-corporate entities 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 following the accrual basis of accounting for expenses and income except for donations which are recognized on cash basis.

**2.3 Functional and presentation currency**

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Trust.


**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property, plant and equipment**

These are stated at cost less accumulated depreciation less accumulated impairment, if any. Depreciation is charged using reducing balance method at the rates specified in the relevant note.

Full year depreciation is charged during the year in which the asset is acquired, while no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred.





### **3.2 Other receivables**

Other receivables are recognized at nominal amount which is the fair value of the consideration to be received.

### **3.3 Cash and bank balances**

Cash in hand and at banks are carried at nominal amount.

### **3.4 Accrued expenses and other liabilities**

Liabilities for accrued expenses 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 received, whether or not billed to the Trust.

### **3.5 Revenue recognition**

- Revenue is recognized to the extent it is probable that the economic benefits will flow to the School and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received.
- School fees' is recognized on accrual basis.

### **3.6 Expenditure**

All expenditures are recognized as and when incurred.

### **3.7 Financial Instruments**

All the financial assets and financial liabilities are recognized at the time when the Trust becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to statement of profit or loss currently.

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

A financial asset and a financial liability is off set and the net amount is reported in the statement of financial position if the Trust has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.





### **3.9 Foreign currency transactions and translation**


Foreign currency transactions are initially recognized at the rates of exchange approximating those prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the reporting date. Exchange differences are recognized in the income and expenditure account.

### **3.10 Provisions**

A provision is recognized in the statement of financial position when the Trust has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

### **3.11 Related party transactions**

Transactions with related parties are carried out at arm's length and priced at comparable uncontrolled market price. Parties are said to be related if they are generally considered to be able to influence the operating and financial decisions of the Trust and vice versa.



**KHALIL NAINITALWALA EDUCATION SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**

		2021	2020
	Note	-----Rupees-----	
<b>4</b>	<b>KHALIL NAINITALWALA EDUCATIONAL SOCIETY FUND</b>		
	Opening balance	14,983,580	28,758,019
	Less: Deficit	(8,425,654)	(13,774,439)
		<u>6,557,926</u>	<u>14,983,580</u>
<b>5</b>	<b>LOAN FROM MEMBERS</b>		
	Opening balance	31,300,000	20,300,000
	Received during the year	-	11,000,000
	Closing balance	<u>31,300,000</u>	<u>31,300,000</u>
<b>5.1</b>	This represents interest free loan from members of the society and is repayable on demand.		
<b>6</b>	<b>CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
	Audit fee payable	125,000	125,000
	Accounts payable	3,450,764	13,332
	Salaries payable	660,101	-
	Employees' provident fund	1,145,954	1,816,297
	Income tax salary	1,190	-
	EOBI payable	34,840	18,720
	Sales tax unregistered @1%	2,669	1,970
	Advance tax U/S 236I	-	88,745
	Income suppliers U/S 153	-	49,238
	Income service U/S 153	1,298	14,339
		<u>5,421,816</u>	<u>2,127,641</u>
<b>7</b>	<b>Contingencies and Commitments</b>		
	There were no contingencies and commitments at the reporting date (2020:nil).		
<b>8</b>	<b>Property plant and equipment</b>		
	Operating fixed assets	8.1 <u>52,959,124</u>	<u>58,892,431</u>
<b>9</b>	<b>ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>		
	Gas deposits	734,064	734,064
	Advance to other suppliers	421,773	421,773
	Accounts receivable	20,000	20,000
	School fee receivable	3,815,874	2,236,222
	Receivable from employees	62,000	62,000
		<u>5,053,711</u>	<u>3,474,059</u>

**KHALIL NAINITALWALA EDUCATION SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS**

		2021	2020
	Note	-----Rupees-----	
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		491,756	491,756
Cash at bank:			
- Current account		21,904	21,904
- Saving account		32,422	32,422
		<u>546,082</u>	<u>546,082</u>
<b>11 FEE INCOME</b>			
Fee income		<u>9,615,624</u>	<u>13,711,030</u>
<b>12 ACADEMIC EXPENSES</b>			
Staff salaries		6,863,577	12,852,925
Salary - temporary staff		1,874,944	1,458,249
Sessi		443,060	365,050
Eobi		-	301,861
Advertisement		159,300	739,125
Legal and professional		10,000	135,000
Stationary		197,908	78,338
Photograph		-	38,290
Electric goods		-	77,260
Cloth/sheets/flag/banner		-	113,256
Repair and maintenance	12.1	282,320	143,090
Entertainment		2,560	5,070
Electricity		1,523,817	2,035,305
Water filter and water tanker		-	40,330
Gas expenses		118,160	454,020
Internet		2,000	12,000
Insurance		772,604	787,379
KW and SB expenses		1,057,650	1,454,322
Labour charges		-	10,500
Transport and conveyance		3,265,700	109,340
Sports expenses		720	44,630
Printing and stationary		-	134,634
Award /shield /medals		-	62,500
Training		-	359,209
Marketing and consultancy		-	628,000
Postage and telegram		54,195	12,954
Security deposit		118,536	-
Depreciation	8.1	<u>6,107,757</u>	<u>6,992,054</u>
		<u>22,854,808</u>	<u>29,444,691</u>



**KHALIL NAINITALWALA EDUCATION SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**

Note	2021	2020
	-----Rupees-----	
<b>12.1 Repair and maintenance</b>		
Repair and maintenance	259,014	101,090
Computer repairs and maintenance	23,306	42,000
	<u>282,320</u>	<u>143,090</u>
<b>13 OTHER EXPENSES (NON ACADEMIC)</b>		
Petrol, diesel and oil	601,778	1,771,383
Food stuff	151,620	1,094,173
Vehicle repair and maintenance	146,822	86,351
Rent rate taxes	273,273	392,417
Zoo food expenses	367,961	143,690
Horse / astabel	7,880	718,499
Paint	-	258,057
Sanitary	-	20,752
Chemical	-	14,040
Gardening	7,580	17,910
Miscellaneous	22,971	40,000
Books /newspaper	78,882	40,319
Medicine	-	12,120
Function and decoration	30,100	306,750
Audit fee	125,000	135,000
Computer	40,400	-
Mobile phone	64,913	71,528
Employee provident fund	650,634	-
Generator repairing	101,285	121,361
Hardware item	-	83,705
Renovation	264,000	106,161
Web development	-	77,997
Student welfare	-	22,794
	<u>2,935,099</u>	<u>5,535,007</u>
<b>14 OTHER INCOME</b>		
Donation from W.Woodward Pakistan	6,500,000	7,500,000
Miscellaneous	1,271,891	3,920
	<u>7,771,891</u>	<u>7,503,920</u>
<b>15 RELATED PARTY TRANSACTIONS</b>		

Related parties include associated companies and key management personnel of the School. The School, in the normal course of business carries out transactions at commercial terms and conditions with related parties. Detail of related party transactions is as follows:

	2021	2020
	-----Rupees-----	
<b>Transactions with related parties</b>		
<b>Associated company:</b>		
Donation received from W.Woodward Pakistan (Private) Limited	<u>6,500,000</u>	<u>7,500,000</u>
<b>Key management personal:</b>		
Loan from members	-	11,000,000
<b>Balances with related parties:</b>		
<b>Key management personal:</b>		
Loan from members	<u>31,300,000</u>	<u>31,300,000</u>

#### 16 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

There is no remuneration paid to chief executive and directors of the Society.

#### 17 COVID 19 AND ITS IMPACT ON BUSINESS

In the light of ongoing COVID-19 pandemic, the Society has reviewed its exposure to business risks and has not identified any risks that could materially impact the financial performance or position of the Society . Consequently, there was no significant impact of COVID-19 pandemic on the Society 's operations, decline in revenue or recognition and measurement of assets and liabilities during the year ended June 30, 2021.

#### 18 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and to reflect the substance of the transactions. No significant rearrangements or reclassifications were made in these financial statements.

#### 19 NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2021 and 2020 respectively are as follows:

	Number of employees	
	2021	2020
Total employees of the Society at the year end	<u>16</u>	<u>10</u>
Average employees of the Society during the year	<u>13</u>	<u>28</u>

**20 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved by the Company's board of directors and authorised for issue on 30/09/2021

**21 GENERAL**

Figures have been rounded off to the nearest Rupee, unless stated otherwise.

  
**President**  
**Hon. Secretary**



## 8.1. Operating fixed assets

Particulars	W.D.V as at June 30, 2020	Additions during the year	Disposal	Assets as at June 30, 2021	DEPRECIATION		W.D.V as at June 30, 2021
					Rate (%)	Charge for the year	
Plot	5,675,520	-	-	5,675,520	-	-	5,675,520
Kotri land	3,375,000	-	-	3,375,000	-	-	3,375,000
Gymnasium	3,062	-	-	3,062	15	459.23	2,602
Aquarium/fish/equipment	15,382	-	-	15,382	15	2,307.36	13,075
CCTV/security camera	586,094	-	-	586,094	15	87,914	498,180
Buildings	24,860,271	-	-	24,860,271	10	2,486,027	22,374,244
Crockery item/pots café/steel pots	227,723	-	-	227,723	10	22,772	204,951
Staff apartment	2,309,588	-	-	2,309,588	10	230,959	2,078,629
Al - hamra	2,125,470	-	-	2,125,470	10	212,547	1,912,923
Mazda vans	23,973	-	-	23,973	15	3,596	20,377
Motor car	4,505,413	-	-	4,505,413	15	675,812	3,829,601
Computers / software	499,816	-	-	499,816	30	149,945	349,871
Ceiling fans	195,587	-	-	195,587	15	29,338	166,249
Fire extinguishers	66,483	-	-	66,483	15	9,972	56,510
Photocopier	20,208	-	-	20,208	15	3,031	17,177
PABX	19,934	-	-	19,934	15	2,990	16,944
Geysers	77,280	-	-	77,280	15	11,592	65,688
Washing machines	9,166	-	-	9,166	15	1,375	7,791
Projector (3-M)	76,556	-	-	76,556	15	11,483	65,073
Computer switches and printer	118	43,100	-	43,218	30	12,965	30,252
Time machine	126,506	-	-	126,506	15	18,976	107,530
Library furniture	609,652	-	-	609,652	15	91,448	518,204
Academy furniture	1,744,716	69,400	-	1,814,116	15	272,117	1,541,999
Auditorium furniture	661,505	-	-	661,505	15	99,226	562,279
Laboratory furniture	423,723	-	-	423,723	15	63,558	360,165
Hostel furniture	1,724,256	-	-	1,724,256	15	258,638	1,465,618
Library books	129,237	-	-	129,237	15	19,386	109,851
Utensils	12,427	-	-	12,427	15	1,864	10,563
Risograph machine	13,090	-	-	13,090	15	1,964	11,127
UPS	55,392	-	-	55,392	15	8,309	47,083
Cafeteria furniture	68,930	-	-	68,930	15	10,339	58,590
Grass cutting machine	65,763	-	-	65,763	15	9,864	55,898
Motor pump	328,725	21,000	-	349,725	15	52,459	297,266
Generator	958,408	-	-	958,408	15	143,761	814,647
Air conditioners	2,660,248	-	-	2,660,248	15	399,037	2,261,211
Television	68,829	-	-	68,829	15	10,324	58,505
Musical instruments	236,725	-	-	236,725	15	35,509	201,216
Pitch roller	5,103	-	-	5,103	15	766	4,338
Welding plant	386	-	-	386	15	58	328
Equipment/vehicle/parts	320,308	-	-	320,308	15	48,046	272,262
Machinery/motor/machinery parts	130,166	-	-	130,166	15	19,525	110,641
Blanket	130,702	-	-	130,702	15	19,605	111,096
Drill machine	3,926	-	-	3,926	15	589	3,337
Lab/laboratory/equipment	2,236,246	-	-	2,236,246	15	335,437	1,900,809
Water tank/fiber glass/water equipment	166,669	-	-	166,669	15	25,000	141,668
Mobile/telephone/telecom/digital equipment	225,676	-	-	225,676	15	33,851	191,825
Labour tools/trolley/arm	30,618	-	-	30,618	15	4,593	26,026
Zoo birds	218,295	-	-	218,295	15	32,744	185,551
Water meter	9,647	-	-	9,647	15	1,447	8,200
Refrigerators	821,102	-	-	821,102	15	123,165	697,937
Water cooler / dispenser	14,125	-	-	14,125	15	2,119	12,006
Carpets/qaleen/daree/janamaz	18,687	-	-	18,687	15	2,803	15,884
Attendance machine	-	40,950	-	40,950	15	6,143	34,808
<b>Total - 2021</b>	<b>58,892,431</b>	<b>174,450</b>	<b>-</b>	<b>59,066,881</b>		<b>6,107,757</b>	<b>52,959,124</b>
<b>Total - 2020</b>	<b>65,532,892</b>	<b>351,592</b>	<b>-</b>	<b>65,884,484</b>		<b>6,992,054</b>	<b>58,892,431</b>