

**KHALIL NAINITALWALA EDUCATIONAL SOCIETY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

## **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, 2022, 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, 2022, 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,



**KHALIL NAINITALWALA EDUCATIONAL SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	2022	2021
		-----Rupees-----	
<b>CAPITAL &amp; LIABILITIES</b>			
Khalil nainitalwala educational society fund	4	(8,444,199)	6,557,926
<b>NON-CURRENT LIABILITIES</b>			
Security deposit		20,386,491	17,938,158
<b>CURRENT LIABILITIES</b>			
Loan from members	5	31,300,000	31,300,000
Loan from associates	6	10,500,000	-
Bank overdraft		-	985,939
Creditors, accrued and other Liabilities	7	4,528,043	5,421,816
		46,328,043	37,707,755
		58,270,335	62,203,839
Contigencies and commotments	8		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	48,259,170	52,959,124
<b>CURRENT ASSETS</b>			
Advances, deposits, pre-payments and other receivables	10	5,799,759	5,053,711
Advance Income tax		3,998,606	3,644,922
Cash and bank balances	11	212,799	546,082
		10,011,164	9,244,715
		58,270,335	62,203,839

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, 2022**

	Note	2022	2021
		-----Rupees-----	
<b>Fees Income</b>	12	16,834,206	9,615,624
<b>Less: Operating expenses</b>			
Academic expenses	13	(28,107,774)	(22,854,808)
Other expenses (Non academic)	14	(5,361,053)	(2,935,099)
<b>Total expenditure</b>		(33,468,827)	(25,789,907)
<b>Operating Deficit</b>		(16,634,621)	(16,174,283)
Other Income	15	1,633,780	7,771,891
Finance cost		(1,284)	(23,262)
<b>Net Operating deficit</b>		(15,002,125)	(8,425,654)

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, 2022**

	2022 Rupees	2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(15,002,125)	(8,425,654)
Adjustments for:		
Depreciation	5,508,946	6,107,757
Finance cost	1,284	23,261
	<b>5,510,230</b>	<b>6,131,018</b>
Operating cash flows before working capital changes	(9,491,895)	(2,294,636)
Changes in working capital		
<b>Increase in current assets</b>		
Advances, deposits and other receivables	(746,048)	(1,579,652)
<b>(Decrease) / increase in current liabilities</b>		
Creditors, accrued and other liabilities	(893,773)	3,294,175
	(1,639,821)	1,714,523
<b>Cash used in operations</b>	(11,131,716)	(580,112)
Taxes paid	(353,684)	(161,564)
Financial charges paid	(1,284)	(23,261)
<b>Net cash used in operating activities</b>	(11,486,684)	(764,937)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(808,992)	(174,450)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from related party-net	10,500,000	-
Bank overdraft	(985,940)	(629,212)
Proceeds from long term security deposits	2,448,333	1,568,600
<b>Net cash generated from financing activities</b>	<b>11,962,393</b>	<b>939,388</b>
Net decrease in cash and cash equivalents	(333,283)	-
Cash and cash equivalents at beginning of the year	546,082	546,082
Cash and cash equivalents at end of the year	<b>212,799</b>	<b>546,082</b>

  
**President**

  
**Hon. Secretary**

**KHALIL NAINITALWALA EDUCATION SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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**

	Note	2022	2021
		-----Rupees-----	
<b>4 KHALIL NAINITALWALA EDUCATIONAL SOCIETY FUND</b>			
Opening Balance		6,557,926	14,983,580
Add: Surplus / (deficit )		(15,002,125)	(8,425,654)
		<u>(8,444,199)</u>	<u>6,557,926</u>
<b>5 LOAN FROM MEMBERS</b>			
Opening balance		31,300,000	31,300,000
Received during the year		-	-
		<u>31,300,000</u>	<u>31,300,000</u>
Paid during the year		-	-
Closing balance	5.1	<u>31,300,000</u>	<u>31,300,000</u>
5.1 This represents intrest free loan from members of the society and is repayable on demand.			
<b>6 LOAN FROM ASSOCIATES</b>			
Loan from W.Woodwards		2,000,000	-
Loan from Education Valley Pvt. Ltd		8,500,000	-
Balance from Associates	6.1	<u>10,500,000</u>	<u>-</u>
6.1 This represents intrest free loan from Accosicates company of the society and is repayable on demand.			
<b>7 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Audit fee payable		135,000	125,000
Account payable		2,094,447	3,450,764
Salaries payable		865,041	660,101
Employees provident fund		1,176,534	1,145,954
Withholding Income tax		171,982	2,488
EOBI payable		48,490	34,840
Sales tax unregistered 1%		36,549	2,669
		<u>4,528,043</u>	<u>5,421,816</u>
<b>8 CONTINGENCIES AND COMMITMENTS</b>			
There were no contingencies and commitments at the reporting date (2021:Nil).			
<b>9 PROPERTY PLANT AND EQUIPMENT</b>			
Fixed assets	9.1	<u>48,259,170</u>	<u>52,959,124</u>
<b>10 ADVANCES, DEPOSITS, PRE-PAYMENTS &amp; OTHER RECEIVABLES</b>			
Gas deposits		734,064	734,064
Advance to other suppliers		421,773	421,773
Account receivable		20,000	20,000
School Fee receivable		5,065,695	3,815,874
Receivable from employees		62,000	62,000
		<u>6,303,532</u>	<u>5,053,711</u>
<b>Balances Written off</b>			
Advance to other suppliers		(421,773)	-
Account receivable		(20,000)	-
Receivable from employees		(62,000)	-
		<u>(503,773)</u>	<u>-</u>
		<u>5,799,759</u>	<u>5,053,711</u>

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

	Note	2022	2021
		-----Rupees-----	
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		186,688	491,756
Cash at bank			
- Current account		26,111	21,904
- In Saving Account		-	32,422
		<u>212,799</u>	<u>546,082</u>
<b>12 FEE INCOME</b>			
Registration fee		155,000	261,000
Admission fee		84,000	250,000
Tuition fee		16,595,206	9,104,624
		<u>16,834,206</u>	<u>9,615,624</u>
<b>13 ACADEMIC EXPENSES</b>			
Staff salaries		8,534,014	6,863,577
Full and final settlement of staff		71,048	-
Salary - temporary Staff		2,168,387	1,874,944
SESSI		204,281	443,060
EOBI		123,800	-
Advertisement		-	159,300
Legal and professional		105,000	10,000
Stationary		205,321	197,908
Photograph		113,332	-
Repair and maintenance		294,985	282,320
Entertainment		17,589	2,560
Electricity		3,085,364	1,523,817
Gas		89,600	118,160
Internet		-	2,000
Insurance		823,233	772,604
KW & SB		748,445	1,057,650
Transport and conveyance		5,949,129	3,265,700
Sports		6,820	720
CIE fee		54,000	-
Postage and telegram		4,480	54,195
Security deposit		-	118,536
Depreciation	9.1	5,508,946	6,107,757
		<u>28,107,774</u>	<u>22,854,808</u>

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

Note	2022	2021
	-----Rupees-----	

**14 OTHER EXPENSES (NON ACADEMIC)**

Petrol, diesel and oil	483,251	601,778
Food stuff	252,167	151,620
Vehicle repair and maintenance	8,844	146,822
Rent rate taxes	622,900	273,273
Zoo food	563,767	367,961
Horse / astabel	-	7,880
Gardening	5,530	7,580
Miscellaneous	2,510,018	22,971
Books /Newspaper	16,577	78,882
Function and decoration	75,466	30,100
Audit fee	135,000	125,000
Computer	72,600	40,400
Mobile phone	32,939	64,913
Employer provident fund	78,221	650,634
Written off	503,773	
Generator repairing	-	101,285
Renovation	-	264,000
	<u>5,361,053</u>	<u>2,935,099</u>

**15 OTHER INCOME**

Donation from Woodward	-	6,500,000
Donation from Looks (Private) Limited	1,500,000	-
Miscellaneous	133,780	1,271,891
	<u>1,633,780</u>	<u>7,771,891</u>

**16 RELATED PARTY TRANSACTION**

Related parties include associate companies and key management personnel of the school. The school, in the normal course of business carries out transaction at commercial terms and condition with related parties. Details of related parties transaction are as follows:

	2022	2021
	-----Rupees-----	
<b>Transaction with related parties</b>		
<b>Associate companies</b>		
Donation received form W.Woodward Pakistan (Private) Limited	-	6,500,000
Donation received form The Looks (Private) Limited	1,500,000	-
Loan received form W.Woodward Pakistan (Private) Limited	2,000,000	
Loan received form Education Valley Pvt. Ltd	8,500,000	
<b>Balances with related parties</b>		
Amount payable to members	31,300,000	31,300,000
Amount payable to Education Valley Pvt. Ltd	2,000,000	-
Amount payable to W.Woodward Pakistan (Private) Limited	8,500,000	-



## 17 REMUNRATION TO PRESIDENT AND SECRETARY

There is no remunration paid to president and secretary.

## 18 CORRESPONDING FIGURES

Corresponding figures have been arranged and reclassified, wherever necessary, for the purposes of comparison and to refelect the substance of the transaction. No signifiacant rearrangements or reclassification were made in these financial Statements.

## 19 NUMBER OF EMPLOYEES

The Average and total number of employees during the year as at June 30, 2022 and 2021 respectivley are as follows:

	Number of Employee	
	2022	2021
Total employees of the Society at the year end	<u>31</u>	<u>16</u>
Average employee of the Society during the year	<u>24</u>	<u>13</u>

## 20 AUTHORISATION OF FINANCIAL STATEMENT

These financial statements are authorized for issue by the board of members on

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## 21 GENERAL

Figures have been rounded off to the nearest rupee.

  
President

  
Hon. Secretary