

KHALIL NAINITALWALA EDUCATIONAL SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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, 2023, 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

30/12/2023
Karachi:



KHALIL NAINITALWALA EDUCATIONAL SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		-----Rupees-----	
CAPITAL & LIABILITIES			
Khalil nainitalwala educational society fund	4	(31,962,624)	(8,444,199)
NON-CURRENT LIABILITIES			
Security deposit		21,196,491	20,386,491
CURRENT LIABILITIES			
Loan from members	5	31,300,000	31,300,000
Loan from associates	6	31,420,000	10,500,000
Creditors, accrued and other liabilities	7	3,978,794	4,528,043
		66,698,794	46,328,043
TOTAL EQUITY AND LIABILITIES		55,932,661	58,270,335
Contingencies and Commitments	8		
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	9	43,581,051	48,259,170
CURRENT ASSETS			
Advances, deposits & Other Receivables	10	7,603,648	5,799,759
Advance Income tax		4,481,155	3,998,606
Cash and bank balances	11	266,807	212,799
		12,351,610	10,011,164
TOTAL ASSETS		55,932,661	58,270,335

The annexed notes from an integral part of these financial statements



President



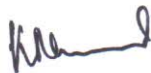


Hon. Secretary

**KHALIL NAINITALWALA EDUCATIONAL SOCIETY
STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
		-----Rupees-----	
Fees Income	12	23,205,675	16,834,206
Less: Operating expenses			
Academic Expenses	13	41,884,940	(28,107,774)
Other Expenses (Non academic)	14	5,074,160	(5,361,053)
Total expenditure		(46,959,100)	(33,468,827)
Operating Deficit		(23,753,425)	(16,634,621)
Other Income		235,000	1,633,780
Finance Cost		-	(1,284)
Net Operating Deficit		(23,518,425)	(15,002,125)

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, 2023

	2023	2022
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(23,518,425)	(15,002,125)
Adjustments for:		
Depreciation	4,802,919	5,508,946
Finance cost	-	1,284
	4,802,919	5,510,230
Operating cash flows before working capital changes	(18,715,506)	(9,491,895)
Changes in working capital		
(Increase) in current assets		
Advances, deposits and other receivables	(1,803,889)	(746,048)
(Decrease) in current liabilities		
Creditors, accrued and other liabilities	(549,249)	(893,773)
	(2,353,138)	(1,639,821)
Cash used in operations	(21,068,644)	(11,131,716)
Taxes paid	(482,548)	(353,684)
Financial charges paid	-	(1,284)
Net cash generated from operating activities	(21,551,192)	(11,486,684)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(124,800)	(808,992)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from related party-net	20,920,000	10,500,000
Bank Overdraft	-	(985,940)
Proceeds from long term security deposits	810,000	2,448,333
Net cash generated from financing activities	21,730,000	11,962,393
Net increase/(decrease) in cash and cash equivalents	54,008	(333,283)
Cash and cash equivalents at beginning of the year	212,799	546,082
Cash and cash equivalents at end of the year	266,807	212,799


President


Hon. Secretary

**KHALIL NAINITALWALA EDUCATIONAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. STATUS AND NATURE OF BUSINESS

Khalil Nainitalwala Educational Society was incorporated in Pakistan, as a Trust on 7th December, 2000. The registered office of the company is located at 43/1-H, Block # 6, Main Razi Road, Karachi, Pakistan. The trust has the business objective to provide Educational Schools throughout Pakistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Standards for Small Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

2.2 Basis of measurement

These financial statements are prepared under historical cost basis following the accrual basis of accounting for expenses and income except for donations which are recognized on cash basis..

2.3 Use of judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses.

The judgments, estimates and assumptions are based on historical experience, current trend and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates 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.

2.4 Functional and Presentation currency

These financial statements are presented in Pak Rupees, which is the School's functional and presentation currency. All financial information presented in Pak Rupee has been rounded off to the nearest Pak Rupee, unless otherwise stated.



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless stated otherwise.

3.1 Property and equipment

- These are stated at cost less accumulated depreciation and impairment losses, if any.
- Depreciation is charged to income on reducing balance method at the rates indicated in note 9.1 of the financial statements. Full year depreciation is charged on additions to operating fixed assets while no depreciation is charged for the item is disposed off.
- Normal repairs and maintenance are charged to income as incurred.
- Residual values, if not insignificant are reassessed annually.
- Where the carrying amount of assets exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.
- Gains or losses on sale of fixed assets are included in income currently.

3.2 Receivables

These are stated at cost less impairment losses, if any.

3.3 Cash and bank balances

Cash and cash equivalents comprise cash in hand and balances with the banks.

3.4 Payables


Liabilities for other amounts payable are recognized and 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 Institute.

3.5 Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the trust become a party to the contractual provision of instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to Statement of profit or loss.

3.5.1 Offsetting of financial asset and financial liabilities

A financial assets and financial liability is set off 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 liability simultaneously.



3.6 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.

3.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with bank.

3.8 Provisions

A provision is recognized in the statement of financial position when the School 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.

3.9 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 School and vice versa.

	Note	2023	2022
		-----Rupees-----	
4 KHALIL NAINITALWALA EDUCATIONAL SOCIETY FUND			
Opening Balance		(8,444,199)	6,557,926
Add: (deficit)		(23,518,425)	(15,002,125)
		<u>(31,962,624)</u>	<u>(8,444,199)</u>
5 LOAN FROM MEMBERS			
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 interest free loan from members of the society and is repayable on demand.



KHALIL NAINITALWALA EDUCATION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

	Note	2023	2022
		-----Rupees-----	
6 LOAN FROM ASSOCIATES			
Loan from W.Woodwards		5,000,000	2,000,000
Loan from Education Valley Pvt. Ltd		26,420,000	8,500,000
Loan from the looks Pvt Ltd.		-	-
Balance from Associates	6.1	<u>31,420,000</u>	<u>10,500,000</u>
6.1	This represents intrest free loan from accosicated companies of the society and is repayable on demand.		
7 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Audit Fee Payable		135,000	135,000
Account payables		1,564,866	2,094,447
Salaries Payable		980,193	865,041
Employees provident fund		1,198,371	1,176,534
Withholding Income tax		44,771	171,982
EOBI Payable		48,040	48,490
Sales tax unregistered 1%		7,553	36,549
		<u>3,978,794</u>	<u>4,528,043</u>
8 CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments at the reporting date:			
9 PROPERTY AND EQUIPMENT			
Fixed Assets Schedule is attached		<u>43,581,051</u>	<u>48,259,170</u>
10 ADVANCES, DEPOSITS & OTHER RECEIVABLES			
Gas Deposits		734,064	734,064
Advance to Other suppliers		-	421,773
Account receivable		-	20,000
School Fee Receivable		6,734,584	5,065,695
Receivable from Employees		135,000	62,000
		<u>7,603,648</u>	<u>6,303,532</u>
Balances Written off			
Advance to other suppliers		-	(421,773)
Account recivable		-	(20,000)
Receivable form employees		-	(62,000)
		-	(503,773)
		<u>7,603,648</u>	<u>5,799,759</u>

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KHALIL NAINITALWALA EDUCATION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

	Note	2023	2022
		-----Rupees-----	
11 CASH AND BANK BALANCES			
Cash in Hand		-	186,688
Cash at Bank			
- Current Account		266,807	26,111
		<u>266,807</u>	<u>212,799</u>
12 FEES INCOME			
Registration Fee Income		160,000	155,000
Admission Fee Income		-	84,000
Tuition Fee Income		23,045,675	16,595,206
		<u>23,205,675</u>	<u>16,834,206</u>
13 ACADEMIC EXPENSES			
Staff Salaries & Other Benefits		14,871,663	11,101,530
Legal & Professional		414,000	105,000
Stationary Expenses		395,982	205,321
Photograph Expenses		-	113,332
Repair and Maintenance Expenses	13.1	629,833	294,985
Entertainment Expenses		63,309	17,589
Utility Bill Expenses		5,116,457	3,923,409
Insurance Expenses		789,802	823,233
Transport & Conveyance Expenses		14,777,975	5,949,129
CIE Fee Expense		5,000	54,000
Postage & Telegram		-	4,480
Security Deposit Expense		18,000	-
Depreciation Expenses	8	4,802,919	5,508,946
		<u>41,884,940</u>	<u>28,107,774</u>
13.1 Repair & maintenance			
Repair and Maintenance Expenses		629,833	259,014
Computer R & M and Other Expenses		-	23,306
		<u>629,833</u>	<u>282,320</u>

KHALIL NAINITALWALA EDUCATION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

Note

2023

2022

-----Rupees-----

14 OTHER EXPENSES (NON ACADEMIC)

Petrol, Diesel & Oil Expenses	1,780,971	483,251
Food Stuff Expenses	-	252,167
Vehicle Repair and Maintenance	304,673	8,844
Rent rate taxes	810,275	622,900
Zoo Food Expenses	1,043,126	563,767
Gardening Expenses	-	5,530
Miscellaneous Expenses	549,068	2,510,018
Books /Newspaper Expenses	-	16,577
Function & Decoration Expenses	126,901	75,466
Audit Fee Expenses	135,000	135,000
Computer Expense	268,696	72,600
Mobile Phone Expenses	55,450	32,939
Employer provident Fund	-	78,221
Written off	-	503,773
	5,074,160	5,361,053

15 OTHER INCOME

Donation from Looks (Private) Limited	-	1,500,000
Miscellaneous	235,000	133,780
	235,000	1,633,780

16 RELATED PARTY TRANSACTION

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

Transaction with related parties

Associate companies

Donation received from W. Woodward Pakistan (Private) Limited	-	-
Donation received from The Looks (Private) Limited	-	1,500,000
Loan received from W. Woodward Pakistan (Private) Limited	-	2,000,000
Loan received from Education Valley Pvt. Ltd	-	8,500,000

Balances with related parties

Amount payable to members	31,300,000	31,300,000
Amount payable to Education Valley Pvt. Ltd.	26,420,000	8,500,000
Amount payable to W. Woodward Pakistan (Private) Limited	5,000,000	2,000,000

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17 REMUNRATION TO PRESIDENT AND SECRETARY

There is no remuneration paid to president and secretary.

18 CORRESPONDING FIGURES

Corresponding figures have been arranged and reclassified, wherever necessary, for the purposes of comparison and to reflect the substance of the transaction. No significant rearrangement or reclassification 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, 2023 and 2022 respectively are as follows;

	Number of Employee	
	2023	2022
Total employees of the Society at the year end	<u>32</u>	<u>31</u>
Average employee of the Society during the year	<u>32</u>	<u>24</u>

20 AUTHORISATION OF FINANCIAL STATEMENT

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

05/10/2023.

21 GENERAL

Figures have been rounded off to the nearest rupee.

President



Hon. Secretary



9.1 . Property & Equipment

Particulars	W.D.V as at June 30, 2022	Addition/ Adjustments during the year	Disposal	Assets as at June 30, 2023	DEPRECIATION		W.D.V as at June 30, 2023
					R a t e %	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	2,212	-	-	2,212	15	331.80	1,880
Aquarium/Fish/Equipment	11,114	-	-	11,114	15	1,667.06	9,447
CCTV/Security Camera	423,453	-	-	423,453	15	63,518	359,935
Buildings	20,136,819	-	-	20,136,819	10	2,013,682	18,123,137
Crockery Item/Pots Café/Steel Pots	184,456	-	-	184,456	10	18,446	166,010
Staff Apartment	1,870,766	-	-	1,870,766	10	187,077	1,683,689
Al - Hamra	1,721,631	-	-	1,721,631	10	172,163	1,549,468
Mazda Vans	17,320	-	-	17,320	15	2,598	14,722
Motor Car	3,255,161	-	-	3,255,161	15	488,274	2,766,887
Computers / Software	584,760	-	-	584,760	30	175,428	409,332
Ceiling Fans	141,312	-	-	141,312	15	21,197	120,115
Fire Extinguishers	48,034	-	-	48,034	15	7,205	40,829
Photocopier	14,600	-	-	14,600	15	2,190	12,410
PABX	14,402	-	-	14,402	15	2,160	12,242
Geysers	55,835	-	-	55,835	15	8,375	47,459
Washing Machines	6,622	-	-	6,622	15	993	5,629
Projector (3-M)	167,080	-	-	167,080	15	25,062	142,018
Computer Switches and Printer	21,177	51,300	-	72,477	30	21,743	50,734
Time Machine	91,401	-	-	91,401	15	13,710	77,691
Library Furniture	440,473	-	-	440,473	15	66,071	374,402
Academy Furniture	1,310,699	-	-	1,310,699	15	196,605	1,114,094
Auditorium Furniture	477,937	-	-	477,937	15	71,691	406,247
Laboratory Furnitue	306,140	-	-	306,140	15	45,921	260,219
Hostel Furniture	1,245,775	-	-	1,245,775	15	186,866	1,058,909
Library Books	93,374	-	-	93,374	15	14,006	79,367
Utensils	8,978	-	-	8,978	15	1,347	7,632
Risograph Machine	9,458	-	-	9,458	15	1,419	8,039
UPS	40,021	-	-	40,021	15	6,003	34,018
Cafeteria Furniture	49,802	-	-	49,802	15	7,470	42,331
Grass Cutting Machine	47,514	-	-	47,514	15	7,127	40,387
Motor Pump	252,676	-	-	252,676	15	37,901	214,775
Generator	692,450	-	-	692,450	15	103,867	588,582
Air Conditioners	1,922,029	-	-	1,922,029	15	288,304	1,633,725
Television	49,729	-	-	49,729	15	7,459	42,270
Musical Instruments	171,034	-	-	171,034	15	25,655	145,379
Pitch Roller	3,687	-	-	3,687	15	553	3,134
Welding Plant	279	-	-	279	15	42	237
Equipment/Vehicle/Parts	231,422	-	-	231,422	15	34,713	196,709
Machinery/Motor/Machinery Parts	94,045	-	-	94,045	15	14,107	79,938
Blanket	94,432	-	-	94,432	15	14,165	80,267
Drill Machine	2,836	-	-	2,836	15	425	2,411
Lab/Laboratory/Equipment	1,615,687	-	-	1,615,687	15	242,353	1,373,334
Water Tank/Fiber Glass/Water Equipm	120,418	-	-	120,418	15	18,063	102,355
Mobile/Telephone/Telecom/Digital Ec	163,051	-	-	163,051	15	24,458	138,593
Labour Tools/Trolley/Arm	22,122	-	-	22,122	15	3,318	18,803
Zoo Birds	157,718	-	-	157,718	15	23,658	134,061
Water Meter	6,970	-	-	6,970	15	1,045	5,924
Refrigerators/Lights	756,447	-	-	756,447	15	113,467	642,980
Water Cooler / Dispencer	10,205	-	-	10,205	15	1,531	8,674
Carpets/Qaleen/Daree/Janamaz	13,502	-	-	13,502	15	2,025	11,476
Attendance machine	29,586	73,500	-	103,086	15	15,463	87,623
Total 2023	48,259,170	124,800	-	48,383,970		4,802,919	43,581,051
Total 2022	52,959,124	808,992	0	53,768,116		5,508,946	48,259,170

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