

**CENTRE FOR SPEECH AND
HEARING, MARDAN
(CSHM)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020**

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTOR

Qualified Opinion

We have audited the financial statements of **CENTRE FOR SPEECH AND HEARING, MARDAN**, which comprise the balance sheet as at June 30, 2020, and the income and expenditure account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of matters described in the *basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of **CENTRE FOR SPEECH AND HEARING, MARDAN**, as at June 30, 2020, and its financial performance for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

- The foreign currency (USD) account has been closed by bank on 12 March, 2020 having a balance of USD 2,381.30 equivalent to PKR 377,175/- converted at exchange rate of 1 USD equal to PKR 158.41 on the said date. The balance will only be released to the organization after ensuring compliance and submitting the required documents to the bank. The said amount cannot be utilized by the organization till it is released.

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 organization 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 qualified opinion.

Responsibilities of Management and those Charged with Governance for the Financial Statements

The director 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 director 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, director is responsible for assessing the organization 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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

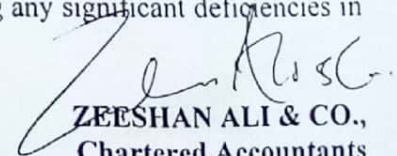
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

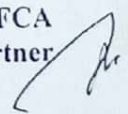
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 organization 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 organization 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 organization 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 findings, including any significant deficiencies in internal control that we identify during our audit.

DATE: 03-08-2020
PESHAWAR


ZEESHAN ALI & CO.,
Chartered Accountants

Zeeshan Ali, FCA
Engagement Partner 

CENTRE FOR SPEECH AND HEARING, MARDAN
 BALANCE SHEET
 AS AT JUNE 30, 2020

	Note	<u>June 30, 2020</u> Rupees	<u>June 30, 2019</u> Rupees
Property and assets			
Non current assets			
Fixed assets	5	16,373,159	17,729,104
Current assets			
Cash and bank balances	6	4,365,278	7,671,448
Frozen funds		377,175	-
		4,742,453	7,671,448
		<u>21,115,612</u>	<u>25,400,552</u>
Funds and liabilities			
Funds			
Deferred grant	7	1,055,424	1,241,676
Funds	8	19,979,188	24,077,875
		21,034,612	25,319,552
Current liabilities			
Audit fee payable		50,000	50,000
EOBI payable		31,000	31,000
		81,000	81,000
		<u>21,115,612</u>	<u>25,400,552</u>

The annexed notes from 1 to 12 form an integral part of these accounts.


 DIRECTOR

CENTER FOR SPEECH AND HEARING, MARDAN
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		Rupees	Rupees
Income			
General donation		3,081,797	3,101,679
School tuition fee		2,503,020	3,069,030
Provincial government grant		-	5,000,000
Donation through bank		514,634	853,024
Grant income realized	7	186,251	219,119
Sales	9	128,076	226,821
Registration fee		24,800	28,500
Vocational center income		125,495	127,560
Gain on disposal		-	2,113,147
Exchange gain		14,000	105,772
Miscellaneous		121,479	36,525
		6,699,553	14,881,178
Expenditure			
Salaries		6,753,340	5,780,190
Vehicle running expenses		741,750	1,011,511
EOBI contribution		897,687	92,400
Speech & hearing educational and therapy expenses	10	143,792	137,420
Printing and stationery		106,474	154,958
Utilities		225,515	238,303
Repair and maintenance:			
- vehicles		28,480	34,825
- building		58,755	10,788
- machinery		20,260	81,550
- repair of furniture		5,500	10,685
Entertainment		14,805	17,591
Depreciation		1,580,147	1,819,164
Audit fee		30,000	30,000
Bank charges		9,372	22,700
Miscellaneous		182,365	102,748
		10,798,240	9,544,832
(Loss) / income for the year before tax		(4,098,687)	5,336,345
Tax	4.7	-	-
(Loss) / income for the year after tax		(4,098,687)	5,336,345

The annexed notes from 1 to 12 form an integral part of these accounts.

DIRECTOR

CENTRE FOR SPEECH AND HEARING, MARDAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 CENTER AND ITS ACTIVITIES

Centre of Speech and Hearing Mardan has been established to provide the education and training for speech and hearing of blinds and deaf. The center not only arrange for the speech therapy tuition but also provide the students with all the audiology equipment's and hearing aid items free of cost.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standard applicable in Pakistan. Approved accounting standard comprises of Accounting Standard for Not for Profit Organization (NPOs) as notified by the Institute of Chartered Accountants of Pakistan (ICAP) and Accounting and Financial Reporting Standards for Small Sized Entities (AFRS for SSE) as applicable in Pakistan.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the organization.

3 BASIS OF MEASUREMENT

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

3.2 The preparation of financial statements in conformity with approved accounting standards requires the management to make judgments and estimates that affect the amount of assets, liabilities, income and expenses reported.

Estimates are reviewed on an on-going basis and revisions, if any, are recognized in the period in which the estimate is revised.

The areas where estimates are significant to the organization's financial statements are as follow:

(i) Estimate of useful lives and residual value of fixed assets.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method at the rates specified in fixed assets schedule. Full year's depreciation is charged on additions while no depreciation is charged on deletions made during the year. Same policy applies to assets donated in kind.

4.2 Donation in kind

Donation in kind is recognized as income in the year of receipt which are in the nature of revenue grants. Capital grants in the form of fixed assets are recognized as deferred income in the year of receipt. When fixed assets are depreciated, value equal to depreciation is recognized as income in the form of grant realized.

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4.3 Income

Income is recognized on receipt basis.

4.4 Grant income realization

An amount equivalent to depreciation charge of the donated fixed assets is recognized in the income and expenditure account.

4.5 Expenditure recognition and measurement

Expenditure is recognized on accrual basis and the fair value of the amount paid/payable.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. The fair value of cash and cash equivalent approximate their carrying amount and comprises of cash in hand and cash at bank.

4.7 Taxation

CSHM is approved "Not for profit organization" under sec 2(36) of the Income Tax Ordinance 2001 therefore, no tax provision has been booked in the financial statements as the organization income is subject to 100% credit under sec 100(C) of the said ordinance.

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
5 Fixed assets (Schedule annexed)		<u>16,373,158</u>	<u>17,729,104</u>
6 Cash and bank balances			
Cash in hand (PKR)		-	-
Cash in hand (USD converted into PKR)	6.1	336,038	-
HBL foreign currency (dollar account)		-	388,915
UBL current account		<u>4,029,240</u>	<u>7,282,532</u>
		<u>4,365,278</u>	<u>7,671,447</u>
6.1 Cash in hand (USD) amounting to 2,005/- as at June 30, 2020 has been converted into PKR at exchange rate of 1 USD = PKR 167.6 at the closing date.			
7 Deferred grant			
Opening balance			
Capital grant		432,567	508,902
Generator 30 KVA (Donated)		<u>809,110</u>	<u>951,894</u>
		<u>1,241,677</u>	<u>1,460,796</u>
Less:			
Income realized on capital grant	7.1	(64,885)	(76,335)
Income realized on generator	7.1	<u>(121,366)</u>	<u>(142,784)</u>
		<u>(186,251)</u>	<u>(219,119)</u>
Closing balance			
Capital grant		367,681	432,567
Generator 30 KVA (Donated)		<u>687,743</u>	<u>809,110</u>
		<u>1,055,424</u>	<u>1,241,677</u>

7.1 This amount represents 15% of capital grant realized each year.

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	Note	June 30, 2020	June 30, 2019
		Rupees	Rupees
8 Funds			
Opening balance		24,077,875	18,741,530
(Deficit) / surplus for the year		<u>(4,098,687)</u>	<u>5,336,345</u>
		<u>19,979,188</u>	<u>24,077,875</u>
9 Sales			
Sale of stationery items		31,400	85,815
Sale of audio items		78,090	141,005
Photostat		<u>18,585</u>	<u>-</u>
		<u>128,076</u>	<u>226,821</u>
10 Speech & hearing educational and therapy expenses			
Student educational expenses		13,850	7,300
Audiology equipment		73,979	80,990
Vocational center expenses		<u>55,963</u>	<u>49,130</u>
		<u>143,792</u>	<u>137,420</u>

11 Foreign currency account

The income and expenditure account and balances sheet of foreign currency account is separately annexed as per annexure - A to this financial statements.

12 General

-Figures have been rounded off to nearest rupee.

-Figures have been rearranged and regrouped, wherever deemed necessary for the purpose of comparison.



DIRECTOR

5. Fixed assets

Particulars	JUNE 30, 2020						
	W.D.V AS ON	Additions	(Sold out)	AS ON	Rate	Depreciation	W.D.V
	01-07-2019			30-06-2020			AS ON
				%			
Land	4,122,250	-	-	4,122,250	-	-	4,122,250
Building	2,775,647	200,000	-	2,975,647	3	89,269	2,886,377
Furniture and fixture	115,792	14,400	-	130,192	10	13,019	117,172
Vehicles	813,940	-	-	813,940	15	122,091	691,849
Vehicle foreign currency account	6,483,679	-	-	6,483,679	15	972,552	5,511,127
Electric appliances	60,071	-	-	60,071	10	6,007	54,064
Generator (Donated)	809,110	-	-	809,110	15	121,367	687,744
Educational equipment's	106,518	-	-	106,518	10	10,652	95,866
Audiology items	2,412,575	-	-	2,412,575	10	241,258	2,171,318
Other equipment's	29,524	9,800	-	39,324	10	3,932	35,392
June 30, 2020 (PKR)	17,729,104	224,200	-	17,953,305		1,580,147	16,373,158

Particulars	JUNE 30, 2019						
	W.D.V AS ON	Additions	(Deletion)	AS ON	Rate	Depreciation	W.D.V
	01-07-2018			30-06-2019			AS ON
				%			
Land	4,122,250	-	-	4,122,250	-	-	4,122,250
Building	2,861,491	-	-	2,861,491	3	85,845	2,775,647
Furniture and fixture	93,917	34,740	-	128,657	10	12,866	115,792
Vehicles	1,094,429	-	(136,853)	957,576	15	143,636	813,940
Vehicles (Foreign currency account)	-	7,627,858	-	7,627,858	15	1,144,179	6,483,679
Electric appliances	66,745	-	-	66,745	10	6,675	60,071
Generator (Donated)	951,894	-	-	951,894	15	142,784	809,110
Educational equipment's	72,853	45,500	-	118,353	10	11,835	106,518
Audiology items	2,613,779	66,860	-	2,680,639	10	268,064	2,412,575
Other equipment's	32,804	-	-	32,804	10	3,280	29,524
June 30, 2019 (PKR)	11,910,163	7,774,958	(136,853)	19,548,268		1,819,164	17,729,104