

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

OPINION

We have audited financial statements of **Lahore Maktab Trust** here in after called the Trust which comprise the statement of financial position as at June 30, 2023, the income and expenditure account and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Trust** as at June 30, 2023, its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conduct 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 trust 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 Committee 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, Management Committee is 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 charged with governance are responsible for overseeing the Trust's financial reporting process.

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 Trust'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 Trust's 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 findings, including any significant deficiencies in internal control that we identify during our audit.

CHARTERED ACCOUNTANTS
Muhammad Daoud



Lahore:

LAHORE MAKTAB TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees		Note	2023 Rupees	2022 Rupees
FUND ACCOUNT				NON CURRENT ASSETS			
Opening balance		50,661,309	40,214,489	Property and equipment	7	17,255,754	17,451,220
Surplus for the year		12,715,147	10,446,820	Long term deposits		82,960	82,960
		63,376,456	50,661,309			17,338,714	17,534,180
SPECIFIC FUND ACCOUNT							
	4	11,748,879	13,208,247				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payable	5	22,019,555	13,923,620	Advances, deposits and prepayments	8	2,433,166	1,317,027
				Cash and bank balances	9	77,373,010	58,941,969
						79,806,176	60,258,996
CONTINGENCIES AND COMMITMENTS							
	6	-	-				
		97,144,890	77,793,176			97,144,890	77,793,176

The annexed notes form an integral part of these financial statements.

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**LAHORE MAKTAB TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
REVENUE	10	54,248,971	44,849,979
Project Expenses			
Staff salaries - teaching staff		24,331,572	20,229,878
Fuel and power		550,992	465,017
Printing and stationery		6,469,462	2,880,480
Communication expense		46,720	59,164
Repair and maintenance- Project		3,151,884	633,429
Uniform expenses		1,866,860	5,102,904
Depreciation	7	545,767	518,479
		36,963,257	29,889,351
Administrative and Management Expenses			
Staff salaries - administrative staff		4,068,432	3,622,159
Travelling and conveyance		28,950	255,000
Staff tea and refreshment		139,110	11,982
Fee and subscription		76,435	67,610
Legal and professional charges		89,250	272,126
Insurance		-	216,071
Postage and courier		5,070	-
Finance cost		38,277	11,251
Depreciation		60,641	57,609
Miscellaneous expenses	7	64,402	-
		4,570,567	4,513,808
Total expenses		41,533,824	34,403,159
Surplus for the year		<u>12,715,147</u>	<u>10,446,820</u>

The annexed notes form an integral part of these financial statements.

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LAHORE MAKTAB TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		12,715,147	10,446,820
Adjustments for non cash items:			
Depreciation	7	606,408	576,088
Cash Flows Before Working Capital Changes		<u>13,321,555</u>	<u>11,022,908</u>
Changes in Current Assets / Liabilities			
(Increase) / decrease in current assets		-	-
Increase / (decrease) in current liabilities		<u>8,095,935</u>	<u>508,027</u>
Trade and other payable		8,095,935	508,027
Cash Flows From Operating Activities		<u>21,417,490</u>	<u>11,530,935</u>
Taxes paid		(1,116,139)	(239,879)
NET CASH GENERATED FROM OPERATING ACTIVITIES		<u>20,301,351</u>	<u>11,291,056</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		<u>(1,870,310)</u>	<u>(504,750)</u>
Net Cash Used In Investing Activities		(1,870,310)	(504,750)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Increase in cash and cash equivalents		<u>18,431,041</u>	<u>10,786,306</u>
Cash and Cash Equivalents at the Beginning of the Year		<u>58,941,969</u>	<u>48,155,663</u>
Cash and Cash Equivalents at the End of the Year	9	<u><u>77,373,010</u></u>	<u><u>58,941,969</u></u>

The annexed notes form and integral part of these financial statements.


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1 STATUS AND NATURE OF ACTIVITIES

Lahore Maktab Trust (The Trust) was established on July 09, 2012, under the Trust Act, 1882. Main objective of the Trust is to establish educational institutions, schools, colleges and research centers for provision of quality education to the needy students or otherwise. The Trust is currently operating Lahore Maktab Islamic School of Arts and Sciences at Lahore. The office of the trust and school are situated at 21-KM Ferozepur Road, Lahore.

2 BASIS OF PREPARATION

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 the Small Size Entities (Revised AFRS for SSEs issued by the Institutes of Chartered Accountants of Pakistan and
- Provisions and directives issued under the local laws.

Where provisions of and directives issued under the local laws differ from the Revised AFRS for SSEs, the provisions of and directives issued under the those laws have been followed.

2.2 Accounting Conventions

The financial statements have been prepared under historical cost convention.

2.3 Functional and Presentation Currency

The financial statements are presented in Pakistan Rupees, which is the entity's functional and presentation currency.

2.4 Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Funds Accounting

Specific purposes cash donations, voluntary contributions of donation in kind are recognized on fulfillment of the conditions attach thereto and credited to specific fund account. Donations in kind are accounted for at market price or estimated fair value where market price is not readily available.

The depreciation on specific fund asset is directly charged to the relevant fund account.

3.2 Trade and Other Payables

Payables are stated 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.

3.3 Property, Equipment and Depreciation

These are stated at cost less accumulated depreciation. Depreciation on operating fixed assets is charged on reducing balance method at the rates given in note 7 of the financial statements.

Depreciation on additions to property and equipments is charged from the day in which an asset is acquired or capitalized while no depreciation is charged for the day in which the asset is disposed.

Normal repairs and replacements are taken to income and expenditure account. Major improvements and modifications are capitalized.

Gain or loss on disposal of operating fixed assets is recognized through income and expenditure account.

3.4 Stocks

These are valued at cost.

3.5 Cash and Cash Equivalents

These are cash in hand and at bank and cash equivalents highly liquid in nature and are readily convertible into known amounts of cash, which are subject to insignificant risks of change.

3.6 Revenue Recognition

All revenue, including charity and general donations/voluntary contributions, is recognized on accrual basis. Specific purpose donations/voluntary contributions are recognized as income on fulfillment of term and conditions necessary to become eligible for it and charged to income and expenditure account to match relevant expenditure / payments.

3.7 Financial Assets and Financial Liabilities

3.7.1 Financial Assets

Financial assets are initially measured at cost and subsequently classified at fair value through profit or loss or at amortized cost. Management determines the classification of its financial assets at initial recognition.

3.7.2 Financial Liabilities

Financial liabilities are initially measured at cost, which is the fair value, of the consideration given and subsequently carried at amortized cost using effective interest rate method.

3.7.3 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

	Note	2023 Rupees	2022 Rupees
4 SPECIFIC FUND ACCOUNT			
Building Fund			
Opening balance		12,673,656	14,206,077
Add: Grant received during the year		-	-
Less: Depreciation related to building		1,379,179	1,532,421
		11,294,477	12,673,656
Furniture and Fixture fund			
Opening balance		534,591	628,931
Add: Grant received during the year		-	-
Less: Depreciation related to furniture and fixture		80,189	94,340
		454,402	534,591
		<u>11,748,879</u>	<u>13,208,247</u>
5 TRADE AND OTHER PAYABLE			
Security deposited by students		7,007,235	6,097,990
Trade payables		7,702,554	3,210,196
Accrued expenses		7,309,766	4,615,434
		<u>22,019,555</u>	<u>13,923,620</u>

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Rs. Nil (2022: Rs. Nil).

6.2 Commitments

Rs. Nil (2022: Rs. Nil).

PROPERTY AND EQUIPMENT

Particulars	Cost			Depreciation			Book Value
	As at June 30, 2022	Additions	As at June 30, 2023	Rate %	As at June 30, 2022	Charge for the period	As at June 30, 2023
Rupees.....	Rupees.....
Building	36,237,974	-	36,237,974	10	22,446,185	1,379,179	23,825,364
Furniture and fixture	5,465,902	1,870,310	7,336,212	15	3,415,115	402,506	3,817,621
Electric installations	2,552,181	-	2,552,181	15	1,517,512	155,200	1,672,712
Office equipments	261,107	-	261,107	15	94,739	24,955	119,694
Arms and ammunition	286,388	-	286,388	15	164,081	18,346	182,427
Computers	973,401	-	973,401	30	688,101	85,590	773,691
	45,776,953	1,870,310	47,647,263		28,325,733	2,065,776	30,391,509
	45,272,203	504,750	45,776,953		26,122,884	2,202,849	28,325,733
2022-Rupees							17,451,220

The depreciation for the year has been allocated as under:

	Note	2023 Rupees	2022 Rupees
Project expenses		545,767	518,479
Administrative and management expenses		60,641	57,609
Building fund	4	606,408	576,088
Furniture and fixture fund	4	1,379,179	1,532,421
	4	80,189	94,340
		2,065,776	2,202,849

	Note	2023 Rupees	2022 Rupees
8 ADVANCES, DEPOSITS AND PREPAYMENTS			
Tax deducted at source		2,433,166	1,317,027
		<u>2,433,166</u>	<u>1,317,027</u>
9 CASH AND BANK BALANCES			
The balances were held as under:			
Cash in hand		326,814	501,216
Cash at banks in:			
Cash At Current Account		13,162,045	14,881,150
Cash at Saving Account		63,884,152	43,559,603
		<u>77,046,196</u>	<u>58,440,753</u>
		<u>77,373,010</u>	<u>58,941,969</u>
10 REVENUE			
Gross receipts from school		49,217,855	43,749,808
Less: discount to eligible students		2,409,816	(2,008,099)
		<u>46,808,039</u>	<u>41,741,709</u>
		7,440,932	3,108,270
Profit on bank deposit		-	-
Donations		<u>54,248,971</u>	<u>44,849,979</u>
11 NUMBER OF EMPLOYEES			
		2023	2022
		— Number —	
		84	69
Number of employees at the end of the year		<u>2023</u>	<u>2022</u>
		Rupees	Rupees
12 FINANCIAL INSTRUMENTS			
Financial assets - at amortized cost		77,373,010	58,941,969
Cash and bank balances		<u>77,373,010</u>	<u>58,941,969</u>
Financial liabilities - at amortized cost			
Trade and other payable		<u>22,019,555</u>	<u>13,923,620</u>
13 CORRESPONDING FIGURES			
Corresponding figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, there is no material rearrangement to report.			
14 GENERAL			
Figures have been rounded off to the nearest of Rupees.			
15 DATE OF AUTHORIZATION			
These financial statements were authorized for issue on _____ by the Board of Trustees of the Trust.			

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