

SAHIL WELFARE ASSOCIATION

FINANCIAL STATEMENTS

FOR THE PERIOD FROM MAY 1, 2014 TO JUNE 30, 2015

01 May 14 to 30 Jun 14 (02 months)
01 Jul 14 to 30 Jun 15 (01 Year)



M ASHRIF GHURI
Commander Pakistan Navy
Secretary Board of Directors
Sahil Welfare Association

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sahil Welfare Association** as at June 30, 2015 and the related income and expenditure account, cash flow statement and statement of movement in surplus and reserves together with the notes forming part thereof, for the period from May 1, 2014 to June 30, 2015 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies as disclosed in note 4 to the financial statements;
 - (ii) the expenditure incurred during the period was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of movement in surplus and reserves together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the surplus, its cash flows and movement in surplus and reserves for the period from May 1, 2014 to June 30, 2015; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: October 23, 2015

Karachi

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The Board of Directors
Sahil Welfare Association
Bahria Complex II
M. T Khan Road
Karachi

September 21, 2015

ASR 0377

Dear Sirs

**SAHIL WELFARE ASSOCIATION
DRAFT FINANCIAL STATEMENTS FOR THE PERIOD FROM MAY 1, 2014 TO JUNE 30, 2015.**

We have pleasure in enclosing five copies of the draft financial statements of the Company for the period from May 1, 2014 to June 30, 2015 with our draft audit report thereon which has been initialled by us for identification purposes. We shall be pleased to sign our report on these financial statements in its present or amended form after:

- a) these financial statements have been approved by the Board of Directors and signed by the Chief Executive and one of the directors authorised in this behalf;
- b) we have seen the specific approval of the Board of Directors for the items listed in Annexure A to this letter; and
- c) we have received an appropriately signed representation letter along the lines of the draft provided by us.

2. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS


The responsibilities of the independent auditors, in a usual examination of financial statements, are explained in International Standard on Auditing 200, "Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing." While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of the financial statements is primarily that of the Company's management in accordance with applicable financial reporting framework, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. The management's responsibilities include to provide the auditor with (i) all information, such as records and documentation, and other matters that are relevant to the preparation and presentation of the financial statements; (ii) any additional information that the auditor may request from management and, where appropriate, those charged with governance; and (iii) unrestricted access to those within the entity from whom the auditor determines it necessary to obtain audit evidence. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

We would like to inform the management that unless we have signed the auditors' report on these financial statements, the same shall remain and be deemed unaudited.

3. BANK ACCOUNT NOT HELD IN THE NAME OF THE COMPANY

During our audit we noted that the Company has opened a bank account with Meezan Bank Limited, Boat Basin branch, Karachi, titled "BMS&C Gwadar Project Fund".

We recommend that the title of the account should be transferred in the name of the Company.


M ASHRIF GHAURI
Commander Pakistan Navy
Secretary Board of Directors
Sahil Welfare Association

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A. F. FERGUSON & CO.

Letter ASR 0377
dated September 21, 2015

4. WITHHOLDING TAX

The Company has withholding tax payable of Rs. 54,800 as at June 30, 2015. This relates to withholding tax deducted by the Company as per law on payment of certain invoices to a service provider. However, this amount has not been deposited with the Federal Government within the time period specified in rule 43(b) of the Income Tax Rules 2002.

We recommend that the Company should deposit the aforementioned amount with the Federal Government at the earliest.

5. TAXATION

5.1 Section 100C of the Income Tax Ordinance, 2001 (the Tax Ordinance) interalia states as follows:

“Non-profit organisations, trusts or welfare institutions, as mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, subject to the following conditions, namely:-

- (a) return has been filed;
- (b) tax required to be deducted or collected has been deducted or collected and paid; and
- (c) withholding tax statements for the immediately preceding tax year have been filed.”

As stated in note 4.4 to the enclosed financial statements, the management intends to avail a tax credit equal to 100% of the tax payable. Accordingly, a tax charge in the enclosed financial statements has not been recorded.

We recommend that the Board should ratify the aforementioned assertion of the management.

5.2 The Company has been provided with the status of a ‘non-profit organisation’ under section 2(36) of the Tax Ordinance and being a ‘non-profit organisation’ it intends to claim 100% tax credit under section 100C of the Tax Ordinance as stated in paragraph 5.1 above.

In connection with the status of a non-profit organisation, rule 217 of the Income Tax Rules 2002 has specified certain conditions i.e. prohibition of making any changes in the bye-laws and submission of statement showing names and addresses of the donors, statement showing the money set apart or kept unutilised with reasons thereof and performance evaluation report. Further, the said rule 217 states that the Commissioner Income Tax may, at any time, withdraw the status of non-profit organisation in case of non-compliance of the aforementioned conditions.

We recommend that the management should, in consultation with its tax advisor, conduct an exercise to determine the compliance status of the aforementioned requirements to avoid legal and tax implications.

We take this opportunity to place on record our appreciation of the cooperation and courtesy extended to us during the course of our audit.

Yours truly



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ANNEXURE A

SAHIL WELFARE ASSOCIATION

LIST OF ITEMS REQUIRING SPECIFIC APPROVAL OF THE BOARD OF DIRECTORS AS REFERRED TO IN PARAGRAPH 1(b) OF OUR LETTER ASR 0377 DATED SEPTEMBER 21, 2015


		Rupees
i.	Educational welfare expenses for the period	1,350,630
ii.	Environmental relief expenses for the period	2,905,000
iii.	Health relief expenses for the period	315,000
iv.	Addition to operating fixed assets made during the period	71,300
v.	Transactions with related parties as disclosed in note 12 to the financial statements.	
vi.	Adoption of accounting policies of the Company as stated in note 4 to the financial statements	

AF&CO

BAHRIA WELFARE ASSOCIATION
 BALANCE SHEET
 AS AT JUNE 30, 2015

	Note	Rupees
ASSETS		
Non-current Assets		
Operating fixed assets	5	56,446
Current Assets		
Cash and bank	6	5,210,091
Tax recoverable		26,055
Accrued profit on bank deposits		15,137
Total Assets		<u>5,307,729</u>
Current Liabilities		
Withholding tax payable		54,800
Net Assets		<u><u>5,252,929</u></u>
REPRESENTED BY		
Accumulated surplus		<u><u>5,252,929</u></u>

The annexed notes 1 to 13 form an integral part of these financial statements.


 Chief Executive Officer
 SYED M. QBAIDULLAH SI (M)
 Commodore (Retd)
 Dy. Managing Director (South)
 BAHRIA FOUNDATION


 Director
 MUHAMMAD JAVED
 Commodore (Retd)
 Director Finance

