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Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

AUDITED FINANCIAL STATEMENTS
OF
TRANSFORMATION INTERNATIONAL SOCIETY
FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the financial statements of **Transformation International Society** ('the Society') which comprise the statement of financial position as at **June 30, 2023**, the statement of income and expenditure, the statement of cash flows 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 the Society as at June 30, 2023 and 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 of Opinion

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 Financial Statements section of our report. We are independent of the Society 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 ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

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

The Board of Trustees are 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 Board of Trustees determine 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, Board of Trustees are responsible for assessing the Society's ability to continue as 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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Society'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.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

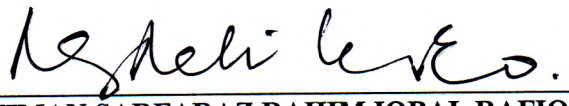
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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 purposes of expressing an opinion on the effectiveness of the Society's Internal Control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Society's ability to continue as 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 conclusion are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society 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.

Further, 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.

Karachi.

Dated: October 25, 2023
UDIN: AR202310210FsQg7LE9m


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Rafiq Dosani

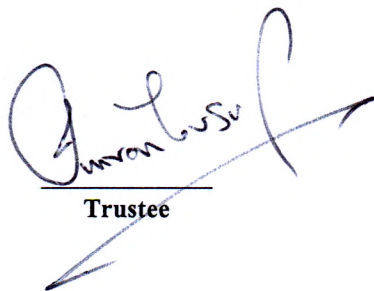
Transformation International Society

Statement of Financial Position

As at June 30, 2023

ASSETS	Note	2023	2022
		Rupees	
Non-current assets			
Property and equipment	5	5,805,919	5,423,845
		<u>5,805,919</u>	<u>5,423,845</u>
Current assets			
Loan, advances and other receivables	6	442,033	250,729
Cash and bank balances	7	2,485,126	946,317
		<u>2,927,159</u>	<u>1,197,046</u>
Total assets		<u><u>8,733,078</u></u>	<u><u>6,620,891</u></u>
CAPITAL AND LIABILITIES			
Accumulated surplus			
Capital fund	8	7,462,726	4,815,536
		<u>7,462,726</u>	<u>4,815,536</u>
Current liabilities			
Accrued and other liabilities	9	1,270,352	1,805,355
		<u>1,270,352</u>	<u>1,805,355</u>
Total surplus and liabilities		<u><u>8,733,078</u></u>	<u><u>6,620,891</u></u>

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


Trustee


Trustee

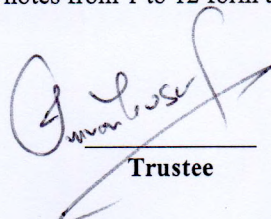
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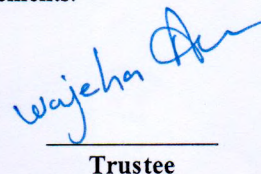
Statement of Income and Expenditure

For the year ended June 30, 2023

	2023	2022
	Rupees	
Income		
Donation	23,749,109	22,361,079
Bank profit	20,759	9,318
Patient fee income	5,628,415	5,221,382
	<u>29,398,283</u>	<u>27,591,779</u>
Less: Administrative expenses		
Salaries and allowances	9,636,450	8,590,826
Advertisement and digital marketing expenses	3,059,975	2,507,837
Medicine expense	-	687,423
Legal and professional fee	605,200	399,500
Donation to other NGO's	478,881	377,840
Ration distribution	105,215	495,200
Printing stationary	478,449	258,923
Qurbani expense	1,046,450	1,777,735
Membership fee	226,583	319,759
Utilities expense	101,952	91,770
Depreciation	1,046,148	950,031
Entertainment	621,948	244,001
Travelling expense	1,353,247	680,985
Accommodation charges	730,836	364,054
Computer repair and maintenance	158,300	93,000
Course fee compensation against PGD	-	27,300
PTCL expense	26,685	47,119
Bank charges	1,450	6,614
Internet charges	130,510	124,475
Postage and couriers	47,657	22,825
Subscription fee	230,076	255,920
Ceremonial expenses	484,523	192,224
Conveyance expense	83,657	37,420
Electricity bill expense	1,040,649	788,954
Office supplies	393,117	109,305
Repair and maintenance	682,206	231,732
Clinical office expenditure	1,593,499	2,706,296
Sponsorship	164,000	35,000
Transportation	7,500	26,530
Wages expense	773,438	34,270
Software expense	162,984	117,187
Accessories	143,225	107,740
Commission charges	17,200	3,200
Fund raising activity	-	123,098
Miscellaneous expense	1,119,083	811,360
	<u>26,751,093</u>	<u>23,647,453</u>
Net (deficit) / surplus for the year	<u>2,647,190</u>	<u>3,944,326</u>

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


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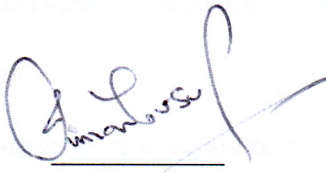
Transformation International Society

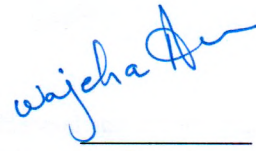
Statement of Cash Flows

For the year ended June 30, 2023

	2023	2022
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (deficit)/surplus for the year	2,647,190	3,944,326
<i>Adjustments for non-cash and other items:</i>		
Depreciation	1,046,148	950,031
	<u>3,693,338</u>	<u>4,894,357</u>
Changes in working capital		
<i>(Increase) / decrease in current assets</i>		
Loans, advances, and other receivables	(191,304)	(76,106)
	<u>3,502,034</u>	<u>4,818,251</u>
<i>Increase / (decrease) in current liabilities</i>		
Accrued and other liabilities	(535,003)	(3,723,602)
Net cash generated from operating Activities	<u>2,967,031</u>	<u>1,094,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property and Equipment	(1,428,222)	(632,868)
Net cash used in investing activities	<u>(1,428,222)</u>	<u>(632,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	<u>1,538,809</u>	<u>461,781</u>
Cash and cash equivalents at the beginning of the year	<u>946,317</u>	<u>484,536</u>
Cash and cash equivalents at the end of the year	<u><u>2,485,126</u></u>	<u><u>946,317</u></u>

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


Trustee


Trustee

Transformation International Society

Notes to the Financial Statements

For the year ended June 30, 2023

1. NATURE OF THE OPERATIONS

Transformation International Society is a not for profit organization, established under the Society Registration Act, 1860 on April 18, 2016. The principal activity of the society is to promote and establish educational institutions, aftercare clinical services for the benefits of use of public in general. The principal office of the society is situated at Unit No. 101-A , SB 23, 13 C Main University Road, Gulshan Iqbal, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan as approved by SECP. Approved accounting standards comprise of revised accounting and financial reporting standards for small size entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and provision of, and directives issued under Companies Act, 2017. In case of requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of measurement

These Financial Statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to income and expenditure applying the reducing balance method and rates are stated in Note 4. Depreciation on assets acquired during the year is charged for the whole year, while no depreciation is charged on items disposed off during the year.

Major renewals and improvements are capitalised. Minor repairs and maintenance are charged to income as when incurred. Gains and Losses on disposal of assets, if any, are included in income.

3.2 Impairment

The carrying value of assets are reviewed at each statement of financial statements date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income and expenditure account.

3.3 Cash and Bank Balances

Cash in hand and at bank are carried at nominal amount.

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3.4 Revenue recognition

(a) Donation and Patient Fee

Donations and Patient fee are recognized as income as and when received. Donations and Patient fee received for revenue expenditure are taken to income and expenditure account.

Donations restricted in its use by the donors are utilised for the purpose specified and are classified as donations.

(b) Return on bank deposits

Profit on bank balances is recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.

3.5 Expenses

All expenses are recognised in the income and expenditure account on accrual basis. Expenses incurred out of donation are also reflected in the income and expenditure account.

3.6 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the company has a legally enforceable right to set-off the recognised amounts and the company intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

3.7 Taxation

The Society is registered with the income tax authorities as a non-profit organization under section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rule 212 and 220 of the Income Tax Rules, 2002. The Society does not account for taxation, as non-profit organization's are allowed a tax credit equal to one hundred percent (100%) of the tax payable including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001.

3.8 Trade and other payables

Accrued and other liabilities are recognised at cost which is the fair value of the consideration to be paid in future for goods and services. The recoverable amount is equal to fair value.

3.9 Provisions

Provisions are recognized when the Association has legal or constructive obligation as a result of past events if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.10 Financial instruments

3.10.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost..

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

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3.10.2 Impairment

At each reporting date, the society assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

3.10.3 Offsetting of financial assets and financial liabilities

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

4. SIGNIFICANT ACCOUNTING ESTIMATED AND JUDGEMENTS

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 Society accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Society's accounting policies, management has made significant estimates and judgments that are disclosed in respective notes to the financial statements.

5. PROPERTY AND EQUIPMENT	Note	2023	2022
		Rupees	
Operating fixed assets	5.1	<u>5,805,919</u>	<u>5,423,845</u>

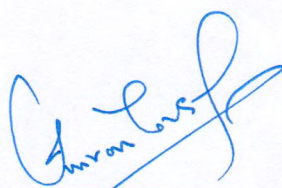
5.1. Operating fixed assets

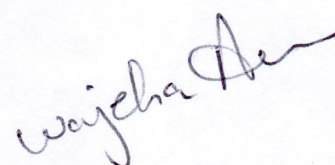
	Furniture and Fixture	Computer & Accessories	Electrical Equipment	Office Equipment	Software	RTMS Machine	Total
As at June 30, 2021							
Cost	1,556,772	305,247	199,443	783,199	62,363	5,975,423	8,882,447
Accumulated depreciation	(572,206)	(166,303)	(57,921)	(147,483)	(40,972)	(2,156,554)	(3,141,439)
Net book values	<u>984,566</u>	<u>138,944</u>	<u>141,522</u>	<u>635,716</u>	<u>21,391</u>	<u>3,818,869</u>	<u>5,741,008</u>
For the year June 30, 2022							
Additions during the year	4,900	84,150	25,100	443,718	75,000	-	632,868
Disposal:							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation for the year	(148,420)	(66,928)	(24,993)	(107,943)	(28,917)	(572,830)	(950,031)
Net book values	<u>841,046</u>	<u>156,166</u>	<u>141,629</u>	<u>971,491</u>	<u>67,474</u>	<u>3,246,039</u>	<u>5,423,845</u>
As at June 30, 2022							
Cost	1,561,672	389,397	224,543	1,226,917	137,363	5,975,423	9,515,315
Accumulated depreciation	(720,626)	(233,231)	(82,914)	(255,426)	(69,889)	(2,729,384)	(4,091,470)
Net book values	<u>841,046</u>	<u>156,166</u>	<u>141,629</u>	<u>971,491</u>	<u>67,474</u>	<u>3,246,039</u>	<u>5,423,845</u>
For the year June 30, 2023							
Additions during the year	298,150	412,900	145,800	571,372	-	-	1,428,222
Disposal:							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation for the year	(170,879)	(170,720)	(43,114)	(154,286)	(20,242)	(486,906)	(1,046,147)
Net book values	<u>968,317</u>	<u>398,346</u>	<u>244,315</u>	<u>1,388,577</u>	<u>47,232</u>	<u>2,759,133</u>	<u>5,805,919</u>
As at June 30, 2023							
Cost	1,859,822	802,297	370,343	1,798,289	137,363	5,975,423	10,943,537
Accumulated depreciation	(891,505)	(403,951)	(126,028)	(409,712)	(90,131)	(3,216,290)	(5,137,617)
Net book values	<u>968,317</u>	<u>398,346</u>	<u>244,315</u>	<u>1,388,577</u>	<u>47,232</u>	<u>2,759,133</u>	<u>5,805,919</u>

	2023	2022
	Rupees	
6. LOAN, ADVANCES AND OTHER RECEIVABLES		
Income tax deducted at source	295,018	186,507
Loan to employees	40,000	12,000
Security deposit	19,000	12,500
Web hosting and domains	88,015	39,722
	<u>442,033</u>	<u>250,729</u>
7. CASH AND BANK BALANCES		
Cash at bank	2,482,432	943,556
Cash in hand	2,694	2,761
	<u>2,485,126</u>	<u>946,317</u>
8. CAPITAL		
<i>Accumulated Surplus</i>		
Opening	4,815,536	871,210
Surplus during the year	2,647,190	3,944,326
	<u>7,462,726</u>	<u>4,815,536</u>
9. ACCRUED AND OTHER LIABILITIES		
Loan from Trustees	-	820,684
Accrued expenses and other payables	1,239,668	936,464
Withholding Tax Payable	30,684	48,207
	<u>1,270,352</u>	<u>1,805,355</u>
10. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		
10.1 Financial instruments by category		
Financial assets		
Loan, advances and other receivables	442,033	250,729
Cash and bank balances	2,485,126	946,317
	<u>2,927,159</u>	<u>1,197,046</u>
Financial liabilities		
Accrued and other liabilities	1,270,352	1,805,355
	<u>1,270,352</u>	<u>1,805,355</u>
11. NUMBER OF EMPLOYEES	2023	2022
	Number	
Total number of employees at year end	<u>28</u>	<u>28</u>
Average number of employees during the year	<u>28</u>	<u>28</u>
12. DATE OF AUTHORIZATION FOR ISSUE		

These financial statements have been authorized for issue by the Board of Trustees in their meeting held on

25 OCT 2023


Trustee


Trustee