F-11, 4th GIZRI STREET,
PHASE IV D.H.A, KARACHI, PAKISTAN.
TELEPHONE: 35873127, 35873559
CELL: 0300-8208770
E-MAIL: smasud123@gmail.com

SALMAN & CO.
CHARTERED ACCOUNTANTS

AUDIT AND ASSURANCE GROUP

Independent Auditor's Report
To the Members of Friends Educational & Medical Trust
Report on the audit of Financial Statement

Opinion

We have audited the financial statements of **FRIENDS EDUCATIONAL AND MEDICAL TRUST** (the Trust), which comprise the statement of financial position as at June 30, 2023, and the statement of income & expenditure account and, the statement of changes in funds, the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with 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 Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as the Trustees 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, 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 Trustees 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.

SALMAN & CO. KARACHI Chartered Accountants

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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.

SALMAN & CO. KARACHI Chartered Accountants

Karachi
Dated: 10-Jan-2024

Salman Masood, FCA
Salman & Co.
Chartered Accountants.

UDIN: **AR202310457kpy5Nt3Jq**

FRIENDS EDUCATIONAL AND MEDICAL TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
ASSETS			
Non Current Assets			
Property and Equipment	4	**77,782,303**	**81,170,810**
Current Assets			
Cash and Bank balance	5	9,470,181	60,351,548
Loan and Advances	6	178,993,160	129,817,959
Investment	7	556,279,341	498,313,845
Advance Tax		16,872,472	13,214,336
Total Current Assets		761,615,154	701,697,688
Total Assets		**839,397,457**	**782,868,498**
Liabilities			
Trade and Other Payable	8	**52,476,333**	**3,186,349**
Total Net Assets		**786,921,124**	**779,682,149**
REPRESENTED BY			
Funds			
General Fund	9	561,311,646	554,072,671
Restricted Funds	10	225,609,479	225,609,479
Total Funds		**786,921,125**	**779,682,150**
Contingencies and commitment	15		

The annexed notes from 1 to 17 form an integral part of these financial statements

PRESIDENT **GENERAL SECRETARY**

FRIENDS EDUCATIONAL AND MEDICAL TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Income			
Donation income		182,556,891	57,787,536
Other income	11	61,088,149	76,026,361
Total income		**243,645,040**	**133,813,897**
Expenditure			
Direct cost	12	217,041,233	116,159,507
Administrative and general expenditure	13	16,319,270	6,541,375
Total expenditure		**233,360,503**	**122,700,882**
Surplus for the year before tax		**10,284,537**	**11,113,015**
Taxation		(3,045,563)	-
Surplus for the year after tax		**7,238,974**	**11,113,015**

The annexed notes from 1 to 17 form an integral part of these financial statements

PRESIDENT **GENERAL SECRETARY**

FRIENDS EDUCATIONAL AND MEDICAL TRUST
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Description	General Fund	Restricted Fund	Total
Funds as at July 1, 2021	**542,790,657**	**53,837,386**	**596,628,043**
Prior year adjustment	169,000	-	169,000
Restricted funds received	-	314,799,240	314,799,240
Released to income	-	(143,027,147)	(143,027,147)
Surplus for the year	11,113,015	-	11,113,015
Funds as at July 1, 2022	**554,072,672**	**225,609,479**	**779,682,151**
Restricted funds received	-	-	-
Released to income	-	-	-
Surplus for the year	7,238,974	-	7,238,974
Funds as at June 30, 2023	**561,311,646**	**225,609,479**	**786,921,125**

The annexed notes from 1 to 17 form an integral part of these financial statements

PRESIDENT **GENERAL SECRETARY**

FRIENDS EDUCATIONAL AND MEDICAL TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023 Rupees	June 30, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	7,238,974	11,113,015
Prior year adjustment	-	169,000
Restricted funds received	-	314,799,240
Released to income	-	(143,027,147)
	7,238,974	**183,054,108**
Adjustment for:		
Depreciation	3,388,506	3,567,147
Operating surplus before working capital changes	**10,627,480**	**186,621,254**
Changes in working capital		
(Increase)/decrease in current assets:		
Loan and advances	(49,175,201)	(21,487,278)
Investment	(57,965,496)	(114,300,336)
Trade and other payable	49,289,986	2,201,349
	(57,850,711)	**(133,586,265)**
Taxes paid	(3,658,136)	(12,409,539)
Net cash (outflow) / inflow from Operating Activities	**(50,881,367)**	**40,625,450**
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	-	(3,569,100)
Net cash outflow from Investing Activities	**-**	**(3,569,100)**
Net increase in cash and bank balances	**(50,881,367)**	**37,056,350**
Cash and cash equivalents at beginning of the year	60,351,548	23,295,198
Cash and cash equivalents at the end of the year	**9,470,181**	**60,351,548**

The annexed notes from 1 to 17 form an integral part of these financial statements

PRESIDENT **GENERAL SECRETARY**

FRIENDS EDUCATIONAL AND MEDICAL TRUST
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND BUSINESS

Friends Educational and Medical Trust ('The Trust') is a philanthropic organization (which was registered on April 07, 1965 under the Trust Act 1882. It is situated at 401, 402, Progressive Plaza Beaumont Road, Civil Lines, Karachi, Sindh, Pakistan. a. To educate, train, highlight masses through all possible means including research, publications, literature, advertisements, seminars, meetings, gatherings, symposia, workshops, study, voluntary groups and to provide encourage and arrange for such meeting and gatherings.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the guidelines for Accounting & Financial Reporting by Non-Government Organization / Non-Profit Organization as issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention and an accrual basis of accounting.

2.3 Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas Involving higher degree of judgments or complexity or areas where assumptions are estimated are significant to the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The preparation of these financial statements in conformity with approved accounting standards require the use of certain critical accounting policies.
The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment and depreciation

- These are stated at cost less accumulated depreciation and impairment, if any.
- Depreciation is charged using the reducing balance method by applying rates specified in the relevant note.
- Depreciation is charged on addition on the basis of full year depreciation in the year of purchase and no depreciation in the year of sale.
- Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements if any are capitalized.
- Gain or loss on disposal of fixed assets is charged to current income.
- Impairment loss is booked if the recoverable amount of any asset or group of assets falls below their carrying value.

3.2 Cash and Cash Equivalents

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

3.3 Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.4 Income recognition

Donation / Zakat is recognized on receipt basis for the operational expenditure of the trust.

3.5 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

4 Property and Equipment

(Amount In Rupees)

Particulars	Cost			Depreciation				
	As at July 1, 2022	Addition during the Year	As at June 30, 2023	As at July 1, 2022	Depreciation during the year	As at June 30, 2023	%	As at June 30, 2023
Land (Leasehold)	13,451,776		13,451,776	-	-	-	0%	13,451,776
School building on leasehold								
Building	54,848,026		54,848,026	5,200,433	2,482,380	7,682,814	5%	47,165,212
Learning house school	19,967,160	-	19,967,160	1,946,798	901,018	2,847,816	5%	17,119,344
Furniture and fixture	63,061	-	63,061	11,982	5,108	17,089	10%	45,972
June 30, 2023	**88,330,023**	**-**	**88,330,023**	**7,159,213**	**3,388,506**	**10,547,720**		**77,782,303**
June 30, 2022	**84,760,923**	**3,569,100**	**88,330,023**	**3,592,065**	**3,567,147**	**7,159,213**		**81,170,810**

		June 30, 2023 Rupees	June 30, 2022 Rupees
5	**CASH AND BANK BALANCE**		
	Cash at bank	9,470,181	60,286,748
	Cash in hand	-	64,800
		9,470,181	**60,351,548**
6	**LOAN AND ADVANCES**		
	Loan for higher studies	**178,993,160**	**129,817,959**
7	**INVESTMENT**		
	Bank Al Habib Special Saving Certificate	12,873,419	12,873,419
	Shares of Listed Companies	543,405,922	485,440,426
		556,279,341	**498,313,845**

7.1 This amount represents investment in Bank Al Habib Special Saving Certificate @ 20% per annum (2022: 14.5% per annum).

		June 30, 2023 Rupees	June 30, 2022 Rupees
8	**CURRENT LIABILITIES**		
	Accrued expenses and other liabilities	**52,476,333**	**3,186,349**
9	**GENERAL FUNDS**		
	Opening balance	554,072,671	542,790,657
	Prior year adjustment	-	169,000
	Surplus for the period	7,238,974	11,113,015
		561,311,646	**554,072,671**
10	**RESTRICTED FUNDS**		
	Opening balance	225,609,479	53,837,386
	Donation received	-	315,830,239
	Released to income	-	(144,058,147)
		225,609,479	**225,609,479**
11	**OTHER INCOME**		
	Profit on term deposits	26,007,242	997,711
	Dividend income	35,080,907	75,028,650
		61,088,149	**76,026,361**