

**Independent Auditor's Report to the Management Committee / Board of Trustees of
Fiqah Academy**

Opinion

We have audited the annexed financial statements of **Fiqah Academy (the Academy)**, which comprise the statement of financial position as at June 30, 2021, and the related income and expenditure account, the statement of changes in funds together with the notes to the financial statements, including a summary of significant accounting policies and other explanatory information, for the year then ended 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 the audit.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of financial position of **Fiqah Academy** as at **June 30, 2021**, its surplus, and its statement of changes in funds together with the notes forming part thereof are 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 University 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 Committee and Board of Trustees for the Financial Statements

Management is 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 management 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, management is responsible for assessing the Academy'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 Academy or to cease operations, or has no realistic alternative but to do so.

The Management Committee / Board of Trustees are responsible for overseeing the Academy'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

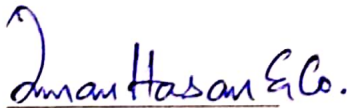
audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions 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 University'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 University'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 University 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 the Management Committee / Board of Trustees regarding, amongst 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.

The engagement partner on the audit resulting in this independent auditor's report is S. Imran H. Zaidi, ACA.



Imran Hasan & Co.,
Chartered Accountants

Karachi.


Date: November 18, 2021

Fiqh Academy
Statement of Financial Position
As At 30 June, 2021

	Notes	2021	2020
Assets			
Non-current assets			
Fixed assets	3	2,785,155	-
Capital work in progress		1,200,000	-
Maktaba		385,149	-
Total non current assets		4,370,304	-
Current assets			
Advances, deposits and other receivables	4	591,980	-
Other receivable		77,950	-
Bank balances	5	868,501	333,298
Total current assets		1,538,431	333,298
Total assets		5,908,735	333,298
Current liabilities			
Other liabilities		17,620	-
Total current liabilities		17,620	-
Net assets		5,891,115	333,298
Represented by			
Funds and reserves			
Restricted funds			
Zakat fund		3,779,694	-
Unrestricted funds			
General fund		964,399	333,298
Fellowship fund		15,000	-
Land acquisition fund		61,022	-
Specific purpose fund		1,071,000	-
Total accumulated fund and reserves		5,891,115	333,298


 CHAIRMAN


 GENERAL SECRETARY


 SECRETARY FINANCE

Fiqh Academy
Income and expenditure account
For the year ended 30 June 2021

	Note	2021	2020
Income - unrestricted funds			
General fund		12,083,726	13,625,879
Education fund		592,556	-
Books and libraries fund		338,820	-
Mess fund		170,238	-
Donations in kind		3,062,000	-
Maktaba sales		929,888	-
Fellowship fund		1,739,000	2,275,707
Land acquisition fund		1,200,000	-
		20,116,228	15,901,586
Income - restricted funds			
Zakat fund		1,602,166	-
		1,602,166	-
Total income		21,718,394	15,901,586
Expenditures			
Salaries & other benefits		10,836,284	8,520,500
Utilities		814,884	535,391
Administrative expenses		2,516,257	3,338,495
Repairs and maintenance		737,066	762,458
Travelling and conveyance		783,753	368,922
Welfare and education		1,328,735	840,068
Books and publications		1,528,927	969,454
Legal and professional		153,676	233,000
Depreciation		785,545	-
Expenditure from restricted funds			
Zakat fund		1,602,166	-
		21,087,293	15,568,288
Surplus / (deficit)		631,101	333,298
Income tax withheld during the year		-	-
Surplus / (deficit) after tax		631,101	333,298

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


 CHAIRMAN


 GENERAL SECRETARY


 SECRETARY FINANCE

7/20

Fiqh Academy
Statement of changes in funds
As on 30 June 2021

(stated in PKR)

	Fellowship fund	Land acquisition fund	Specific purpose fund	General fund	Zakat fund	Total
Balance as at July 01, 2020	-	-	-	333,298	-	333,298
Surplus/(deficit) transferred from income and expenditure	-	-	-	631,101	-	631,101
Funds received	1,754,000	1,261,022	1,071,000	-	5,381,860	9,467,882
Expenditure incurred from the fund	(1,739,000)	(1,200,000)	-	-	(1,602,166)	(4,541,166)
Balance as at June 30, 2021	15,000	61,022	1,071,000	964,399	3,779,694	5,891,115

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


 CHAIRMAN


 GENERAL SECRETARY


 SECRETARY FINANCE

Notes to the financial statements

For the year ended 30 June 2021

1. Legal status and principal activities

Fiqh Academy (the Academy) is established on 18th April 2019, under the Societies Registration Act, XXI of 1860. The Academy is principally engaged in providing education or other non-profit activities. The corporate office of the Academy is located at C-335, Gulistan-e-Jauhar, University Road, Karachi.

2. Statement of compliance, significant accounting policies and estimates

2.1 Basis of preparation

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 Sized Entities (Revised AFRS for SSEs), issued by the Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except, wherever, disclosed in these accounting

2.3 Significant accounting policies and estimates

a) Fixed assets

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repairs and maintenance are charged to the statement of income and expenditure during the financial year in which they are incurred.

Depreciation on assets is charged to income using straight line method at the rates given in note 3. Depreciation is charged on property, plant and equipment capitalized during the year.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and are recognized in the statement of income and expenditure.

c) Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during the installation and construction period are carried under the capital work-in-progress. These are transferred to fixed assets as and when these are available for use.

d) Impairment of non-financial assets

At each reporting date, the University reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

e) Accounts and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received whether or not billed to the University.

f) Cash and cash equivalents

Cash and cash equivalents consist of bank balances.

g) Fund accounting

The foundation uses fund accounting for recording restricted and unrestricted contributions. Restricted contributions are credited directly into the fund account and is recognized when the ultimate collection is reasonably assured. Thereafter, an amount equivalent to that which has been disbursed for the purpose of the restricted fund, is taken to the income and expenditure account.

2.4 Significant accounting estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

a) Impairment of property, plant and equipment

A decline in the value property, plant and equipment could have a significant effect on the amounts recognized in the financial statements.

Management assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

b) Useful lives of property, plant and equipment

The management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.



3 Property, plant and equipment

2020

	Computer equipments & machinery	Equipment & machinery	Furniture and fixtures	Motor vehicles	Total
<i>Cost</i>					
As at 1 July 2020	-	-	-	-	-
Additions during the year*	535,600	595,600	808,000	1,631,500	3,570,700
Disposals during the year	-	-	-	-	-
As at 30 June 2021	535,600	595,600	808,000	1,631,500	3,570,700
<i>Accumulated depreciation</i>					
As at 1 July 2020	-	-	-	-	-
Rate	33%	20%	20%	20%	-
Charge for the year	178,515	119,120	161,600	326,300	785,535
Relating to disposals	-	-	-	-	-
As at 30 June 2021	178,525	119,120	161,600	326,300	785,535
Net book value					
As at 30 June 2021	357,075	476,480	646,400	1,305,200	2,785,155

* Assets received as donation in kind are recorded at fair values.

Notes 2021 2020

4 Advances, deposits and other receivables

Security deposit	540,000	-
Advances and prepayments	51,980	-
	591,980	-

5 Bank Balances

- Cash in hand	62,788	-
- Cash at bank	805,713	-
	868,501	-

6 Number of employees

At the end of the year	38	30
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7 Date of authorization for issue

14 NOV 2021

These financial statements were authorized for issue on _____ in the meeting of the Management Committee.


8 General

8.1 Figures have been rounded off nearest to rupee.

8.2 Figures of the previous year have been re-arranged, wherever necessary, to facilitate comparison.


CHAIRMAN


GENERAL SECRETARY


SECRETARY FINANCE