

HEALTH EDUCATION AND DEVELOPMENT SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING





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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Opinion

We have audited the financial statements of Health Education and Development Society (the Society), which comprise the statement of financial position as at June 30, 2022, statement of Income and expenditure and 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 the Society as at June 30, 2022, and its financial performance and cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for 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 the 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 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 Board of Directors 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 Board of Directors 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, Board of Directors is responsible for assessing the Society'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 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.

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RSM Avais Hyder Liaquat Nauman is member of the RSM network and trades as RSM. RSM is the trading name used trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not it self a separate legal entity in any jurisdiction.

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:


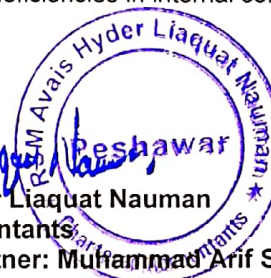
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 Society'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 Society'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 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.

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.

Place: Peshawar

Date : Sep. 30, 2022

UDIN: AR202210513LsEyw2t3J



RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement Partner: Muhammad Arif Saeed

**HEALTH EDUCATION AND DEVELOPMENT SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	204,035	226,708
CURRENT ASSETS			
Receivable from IRC		920,174	-
Cash and bank balances	6	65,152	70,000
		985,326	70,000
		<u>1,189,361</u>	<u>296,708</u>
FUND AND LIABILITIES			
General fund	7	219,313	296,708
CURRENT LIABILITIES			
Payables and accrued liabilities	8	970,048	-
		<u>1,189,361</u>	<u>296,708</u>

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


Executive Director




Director Finance

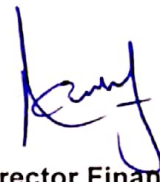
**HEALTH EDUCATION AND DEVELOPMENT SOCIETY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
INCOME			
Grant			
Restricted	9	9,650,549	222,322
Unrestricted-Contribution from BoD		198,000	120,000
		<u>9,848,549</u>	<u>342,322</u>
EXPENDITURE			
Program cost	10	9,865,492	222,322
General and administrative expenses	11	60,452	147,146
		<u>9,925,944</u>	<u>369,468</u>
(Deficit) for the year		<u><u>(77,395)</u></u>	<u><u>(27,146)</u></u>

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



Executive Director

Director Finance

**HEALTH EDUCATION AND DEVELOPMENT SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
a) CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit) for the year		(77,395)	(27,146)
Adjustment for depreciation		22,672	25,189
Cash flow before working capital changes		<u>(54,723)</u>	<u>(1,957)</u>
Working capital changes			
(Increase)/decrease in current assets:			
Receivable from IRC		(920,174)	-
Increase/(decrease) in current liabilities			
Payables and accrued liabilities		970,048	-
		-	-
		49,874	-
Net cash generated from/ (used in) operating activities		<u>(4,849)</u>	<u>(1,957)</u>
b) CASH FLOW FROM INVESTMENT ACTIVITIES			
Additions in property and equipment		-	(30,000)
Net cash (used in) in investing activities		<u>-</u>	<u>(30,000)</u>
Net increase/(decrease) in cash and cash equivalents (a+b)		(4,849)	(31,957)
Cash and cash equivalent at the beginning of the year		70,000	101,957
Cash and cash equivalent at the end of the year		<u>65,152</u>	<u>70,000</u>

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



Executive Director




Director Finance

**HEALTH EDUCATION AND DEVELOPMENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1 Status and operation

Health Education and Development Society hereinafter referred as "the Society" was established on August 08, 2013 is a Non Government, non profit Society. The Head office of the Society is situated at Flat No 06, New Academy Town, Near Jamal Manzil, Canal road, Peshawar. The principal areas of operations of the Society are human development, provision/ improvement of livelihood, protection, WASH facilities, environmental sanitation, education, health and nutrition and disaster management in the province of Khyber Pakhtunkhwa.

2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

3 Summary of significant accounting policies

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

3.2 Functional and presentation currency

These financial statements are prepared in Pakistani Rupees which is the Society's functional and presentation currency.

3.3 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to income applying the reducing balance method at the rates specified in the property and equipment note.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

3.4 Impairment

The Society assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income and expenditures account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in income and expenditures account, unless the relevant assets are carried at revalued amounts, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.5 Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

3.7 Payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed to the Society or not.

3.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business.

- Profit on investments / bank deposits is recognized on time proportionate basis.

- Restricted grants

Grants received for specific purposes and interest thereon are classified as restricted grants. Such grants are transferred to income as grants to the extent of actual expenditure incurred against them. Unspent portion of such grants are reflected as restricted grants in the balance sheet. Expenditure incurred against grant committed but not received is accrued and recognized in income and is reflected as receivable from donors.

- Unrestricted grants

Unrestricted grants, if any, received from donor without any conditions are recognized as income during the year of receipt.

3.9 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards require management to make judgment, estimates and assumptions that affect the application of reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.10 Provision for taxation

Provision for taxation is based on taxable income at the current tax rates after taking into account applicable tax credits, rebates and exemptions available under Income Tax Ordinance, 2001.

3.11 Foreign currency translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in receipt and expenditure account for the year.

3.12 Financial instruments

Financial assets and financial liabilities are recognized when the Society becomes a party to the contractual provisions of the instruments and derecognized when the Society loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Other particular recognition methods adopted by the Society are disclosed in the individual policy statements associated with each item of financial instruments.

3.13 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Society has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4 SUMMARY OF SIGNIFICANT TRANSACTION AND EVENTS

During the year following significant transactions and events have been occurred affecting the financial position of the Society.

- The Society's revenue has increased abnormally due to provision of NOC by government and granting of project by donors.

5 Property and equipment

2022								
PARTICULARS	COST			DEPRICIATION			W.D.V.	RATE
	As at July 01, 2021	Additions/ (Disposals)	As at June 30, 2022	As at July 01, 2021	For the year	As at June 30, 2022	As at June 30, 2022	
-----Rupees-----								
Furniture and fixtures	148,400		148,400	52,773	9,563	62,336	86,064	10%
Computer equipment	179,330	-	179,330	65,965	11,337	77,302	102,028	10%
Office equipment	30,000	-	30,000	12,285	1,772	14,057	15,943	10%
	<u>357,730</u>	<u>-</u>	<u>357,730</u>	<u>131,022</u>	<u>22,672</u>	<u>153,694</u>	<u>204,035</u>	
2021								
PARTICULARS	COST			DEPRICIATION			W.D.V.	RATE
	As at July 01, 2020	Additions/ (Disposals)	As at June 30, 2021	As at July 01, 2020	For the year	As at June 30, 2021	As at June 30, 2021	
-----Rupees-----								
Furniture and fixtures	118,400	30,000	148,400	42,147	10,625	52,773	95,627	10%
Computer equipment	179,330	-	179,330	53,369	12,596	65,965	113,365	10%
Office equipment	30,000		30,000	10,317	1,968	12,285	17,715	10%
	<u>327,730</u>	<u>30,000</u>	<u>357,730</u>	<u>105,832</u>	<u>25,189</u>	<u>131,022</u>	<u>226,708</u>	

	2022 Rupees	2021 Rupees
6 Cash and bank balances		
Cash in hand	61,962	69,740
Cash at bank		
In current account	3,190	260
	<u>65,152</u>	<u>70,000</u>
7 General Fund		
Opening balance	296,708	323,854
Add: (Deficit) for the year	(77,395)	(27,146)
	<u>219,313</u>	<u>296,708</u>
8 Payables and accrued liabilities		
Salary payables	668,750	-
Account payables	252,724	-
Audit fee	30,000	-
Withholding tax payables	18,574	-
	<u>970,048</u>	<u>-</u>
9 Restricted fund		
Grant from IRC	9,650,549	-
Grant from ACTED	-	222,322
	<u>9,650,549</u>	<u>222,322</u>
10 Program Cost		
Staff salaries and wages	1,726,500	210,000
Stationery	7,780	12,322
Vehicle rental cost	432,601	-
Advertisement	39,500	-
NFI Kits	5,555,280	-
Hygiene Kit	1,753,800	-
Office rent	60,000	-
Orientation and capacity building cost	62,700	-
Communication cost	10,000	-
POL	97,000	-
Transportation cost	58,000	-
Utilities	10,000	-
Office supplies	10,000	-
Miscellaneous expenses	41,449	-
Bank charges	882	-
	<u>9,865,492</u>	<u>222,322</u>

	2022 Rupees	2021 Rupees
11 General and administrative expenses		
Printing and stationery	-	5,505
Travelling expenses	-	43,550
Communication cost	-	5,905
Office supplies	7,780	1,500
Repairs and maintenance	-	3,390
Entertainment	-	3,710
Fee and subscriptions	-	1,000
Petrol, oil and lubricant	-	3,680
Audit fee	30,000	30,000
Depreciation	22,672	25,189
Others	-	21,259
Bank charges	-	2,458
	<u>60,452</u>	<u>147,146</u>

12 DTE OF AUTHORIZATION FOR ISSUE

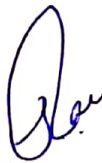
These financial statements were authorized for issue by the Board of Directors on 30/9/2022.

13 GENERAL

13.1 Rearrangements

Prior year figures have been re-arranged /re-grouped wherever considered necessary for of comparison.

13.2 Figures have been rounded off to the nearest Rupee.



Executive Director




Director Finance

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