



INDEPENDENT AUDITOR'S REPORT

To the members of **Karachi Tax Bar Association**

Report on the Audit of the Financial statements

Opinion

We have audited the annexed balance sheet of **Karachi Tax Bar Association (the Association)**, which comprise the balance sheet as at **31st December 2020**, and the income and expenditure account, statement of changes in funds, cash flow statement for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information, 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 purpose of the audit.

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, the statement of changes in funds, cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017. In the manner so required and respectively give a true and fair view of the state of the Association's affairs as at 31st December 2020 and of the changes in funds and its cash flow statement for the year then ended.

Basis of Opinion

We conducted our audit in accordance with International Standard 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 Association in accordance with the International Ethics Standard Board for Accountant's 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 Board of Directors 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 the requirement of Company Act, 2017 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.

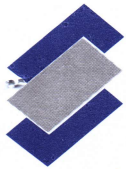
In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Boards of directors are responsible for overseeing the Association'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





M. Saleem Associates

Chartered Accountant ♦ Audit Tax Advisory

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 this 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:

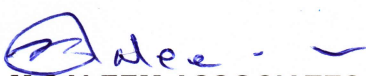
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 Association'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 Association's ability to continue as a going concern. If we conclude that the 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 Association 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 event in a manner that achieves fair presentation.

We communicate with the board of directors 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.

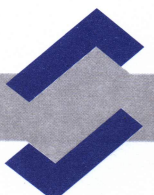
Report on Other Legal and Regulatory Requirements

Based on our audit, we further report on our opinion:

- a) proper books of accounts have been kept by the Association as required by the Companies Act, 2017;
- b) the statement of financial position, the income & expenditure account, the statement of changes in equity, statement of other comprehensive income and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of accounts and returns;
- c) investments made, expenditures incurred and guarantees extended during the year were for the purpose of the Association's business; and
- d) no zakat was deductible at source under the Zakat Ushr Ordinance, 1980.



M. SALEEM ASSOCIATES
CHARTERED ACCOUNTANTS,
Muhammad Saleem
Karachi: 27 JAN 2021

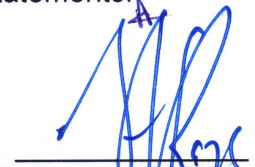


KARACHI TAX BAR ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 ------(Rupees)-----	2019
PROPERTY & ASSETS			
NON-CURRENT ASSETS			
Property & Equipment	4	1,088,792	1,190,382
Long term Investment	5	3,307,500	3,707,500
		4,396,292	4,897,882
CURRENT ASSETS			
Advances & Deposits	6	661,450	440,043
Investments	7	9,000,959	8,477,210
Cash & Cash Equivalent	8	3,770,539	1,338,175
		13,432,948	10,255,428
TOTAL ASSETS		17,829,240	15,153,310
FUND AND LIABILITIES			
Accumulated Fund		17,576,559	15,035,969
Deferred Liabilities	9	252,681	117,341
TOTAL FUNDS & LIABILITIES		17,829,240	15,153,310

The annexed notes 1 to 18 form an integral part of these financial statements.

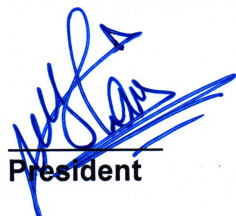

President

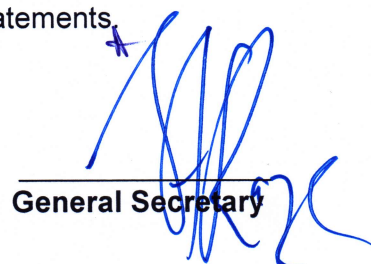

General Secretary

**KARACHI TAX BAR ASSOCIATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Notes	2020 ------(Rupees)-----	2019
<u>INCOME</u>			
Subscription	10	1,313,680	2,002,800
Diary Account	11	2,810,780	943,500
Professional Development Programmed	12	237,190	1,386,021
Seminars, Joint Seminars & Other Annual Activities	13	592,351	(27,973)
Election Nomination Fee		20,300	12,145
Dividend		616,176	222,684
Profit on DSC's		860,000	2,781,025
Other Receipts		60,500	62,000
		6,510,977	7,382,202
<u>EXPENDITURE</u>			
Staff Salaries and Other Benefits		2,528,167	2,310,288
Meetings and Receptions	14	33,914	666,691
Depreciation		205,490	225,104
Utilities		101,378	110,401
Website Maintenance		89,175	175,139
Printing and Stationary		50,183	97,060
Communication		167,197	107,674
Newspaper and Periodicals		34,740	34,878
Repair and Maintenance		477,611	312,355
Fees and Subscription		83,850	401,525
Conveyance		14,635	19,085
Bank Charges		1,276	1,400
Entertainment		15,931	27,417
Zakat Expense		31,500	-
Gratuity Expense		135,340	117,341
		3,970,387	4,606,358
Total Excess for the year		2,540,590	2,775,844
Transferred to reinvestment fund		(860,000)	(2,781,025)
Excess / (deficit) for the year after transfer to reinvestment fund		1,680,590	(5,181)

The annexed notes 1 to 18 form an integral part of these financial statements.


President

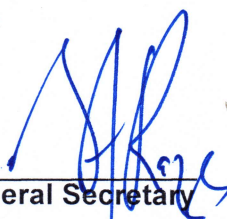

General Secretary

KARACHI TAX BAR ASSOCIATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	----- <i>(Rupees)</i> -----	
Cash Flows From Operating Activities		
Surplus for the year	2,540,590	2,775,844
Adjustment for not involvement in movement of fund:		
Depreciation for the year	205,490	225,104
Changes before movement in working capital	2,746,080	3,000,948
Decrease / (Increase) in Current Assets		
Advance & Deposits	(221,407)	146,500
(Decrease) / Increase in Current liabilities		
Deferred Liabilities	135,340	117,341
Cash flow from operations	2,660,013	3,264,789
Income taxes paid during the year	-	(246,516)
Net cash generated from operating activities	2,660,013	3,018,273
Cash Flows From Investing Activities		
Investment	400,000	(2,014,001)
Purchase of Fixed Assets	(103,900)	(111,780)
Net investment - available for sale securities	(523,749)	(189,280)
Net cash flows from investing activities	(227,649)	(2,315,061)
Net Increase/(decrease) in cash and cash equivalents	2,432,364	703,212
Cash and cash equivalents at the beginning of the year	1,338,175	634,963
Cash and cash equivalents at the end of the year	3,770,539	1,338,175

The annexed notes 1 to 18 form an integral part of these financial statements.


President


General Secretary

**KARACHI TAX BAR ASSOCIATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Particular	Staff Welfare	Accumulated Fund	Reinvestment Fund	Total
	------(Rupees)-----			
Balance as at December 31, 2018	50,000	8,840,903	3,402,625	12,293,528
Transferred from income and expenditure account	-	-	2,781,025	2,781,025
Tax on dividend from NAFA funds	-	(33,403)	-	(33,403)
(Deficit)/ Surplus for the year ended December 31, 2019	-	(5,181)	-	(5,181)
Balance as at December 31, 2019	50,000	8,802,319	6,183,650	15,035,969
Transferred from income and expenditure account	-	-	860,000	860,000
(Deficit)/ Surplus for the year ended December 31, 2020	-	1,680,590	-	1,680,590
	50,000	10,482,909	7,043,650	17,576,559

The annexed notes 1 to 18 form an integral part of these financial statements.


President


General Secretary

KARACHI TAX BAR ASSOCIATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

1 NATURE OF THE BUSINESS

Karachi Tax Bar Association (Association) is a non-profit organization, incorporated under section 42 of the Companies Ordinance 1984.(now: Companies Act, 2017).The registered office of the Association is located at main Regional Tax Office Building Karachi, Pakistan. The prime objective of the Association is to cater, safeguard and protect the interest of it

2 BASIS OF PREPARATION

2.01 Statement of Compliance

These financial statements have been prepared in accordance with the requirements of the Companies Act, 2017, and the Accounting Standards for Non Profit Organization as applicable in Pakistan.

3 Significant Accounting Policies

3.01 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation i.e. written down value.

Depreciation is charged on reducing balance method at the rates specified in fixed assets note. Depreciation on addition is charged in the month in which the asset is put into operation.

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

Gain or losses on disposal of assets are included in income.

3.02 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. The Executive Committee determines the appropriate classification of its investments at the time of purchase. Investments of the Association are currently classified under the following categories.

Held-to-maturity

These investments are carried at cost. These securities have fixed maturities that are held with the intention to hold till maturity.

Available-for-sale

These investments are carried at cost. These are non-derivative financial assets which are intended to be held for an indefinite period but may be sold when needed.

3.03 Revenue Recognition / Cost Recognition

- Income is recognized on receipt basis.
- Fund utilization and administrative expenses are recorded on payment basis

3.04 Taxation

Association, being a non-profit organization is approved by the Commissioner under Section 2(36) of the Income Tax Ordinance, 2001. Hence, no provision for income tax is made in these accounts.

3.05 Employee benefit plan

The Association operates an un-funded gratuity scheme from current year covering all employees whose period of service with the association is more than one year. Provision is made for one month basic salary to cover the liability under the scheme.

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KARACHI TAX BAR ASSOCIATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

2020 2019
Note -----(Rupees)-----

4 PROPERTY & EQUIPMENT

S.No	Particulars	W.D.V as at 01/01/2020	Additions	W.D.V as at 31/12/2020	RATE %	Depreciation for the year	W.D.V as at 31/12/2020
1	Library Books	190,674	27,900	218,574	15%	32,786	185,788
2	Kitchen Equipment	28,030	-	28,030	15%	4,205	23,825
3	Furniture and Fixture	670,409	-	670,409	15%	100,561	569,848
4	Electrical Equipment	240,795	60,000	300,795	15%	45,119	255,676
5	Cricket Kits	821	-	821	15%	123	698
6	Computers	59,653	16,000	75,653	30%	22,696	52,957
Total 2020		1,190,382	103,900	1,294,282		205,490	1,088,792
Total 2019		1,303,706	111,780	1,415,486		225,104	1,190,382

5 LONG TERM INVESTMENT - AT COST

- Defense Savings Certificates	3,307,500	3,707,500
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6 ADVANCES & DEPOSITS

Advance to staff	151,000	48,000
Short term deposits	450	450
Advance tax	486,500	354,093
Advance to suppliers	23,500	37,500
	661,450	440,043

7 INVESTMENTS-COST

Available for sale

-NAFA Islamic Income Fund	7.1	3,187,217	2,923,187
-NAFA Islamic Capital Preservation Plan II	7.2	5,813,742	5,554,023
		9,000,959	8,477,210

7.1 This represent investment in units of NAFA Islamic Income Fund. Total units as at December 31, 2020 are 328,626 (2019: 300,905). and the market value as at December 31, 2020 is Rs.3,220,540/- (2019:Rs.3,035,620/-)

7.2 This represent investment in units of NAFA Islamic Capital Preservation Plan II. Total units as at December 31, 2020 are 56,272 (2019: 53,679). and the market value as at December 31, 2020 is Rs. 6,064,244/-(2019:Rs.5,971,172/-)

8 CASH AND CASH EQUAILENT

Cash in hand	34,999	19,729
Cash at bank-Current Account	3,735,540	1,318,446
	3,770,539	1,338,175

9 DEFERRED LIABILITIES

Gratuity	252,681	117,341
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		2020	2019
Note		------(Rupees)-----	
10	<u>SUBSCRIPTION</u>		
	Admission Fee	370,000	455,000
	Current	513,600	811,900
	Prior	180,360	217,800
	Advance	249,720	518,100
	Total Subscription	1,313,680	2,002,800
11	<u>DIARY ACCOUNT</u>		
	Receipts	3,318,280	2,557,500
	Expenses	(507,500)	(1,614,000)
		2,810,780	943,500
12	<u>PROFESSIONAL DEVELOPMENT PROGRAMME</u>		
	Receipts	945,000	2,188,000
	Expenses	(707,810)	(801,979)
		237,190	1,386,021
13	<u>SEMINARS, JOINT SEMINARS & OTHER ANNUAL ACTIVITIES</u>		
13.1	<u>Joint Seminar with PTBA</u>		
	Receipts	142,401	400,000
	Expenses	-	(281,328)
		142,401	118,672
13.2	<u>Post Budget Seminar</u>		
	Receipts	23,500	835,100
	Expenses	-	(699,308)
		23,500	135,792
13.3	<u>Annual Dinner</u>		
	Receipts	12,500	616,500
	Expenses	(1,500)	(627,274)
		11,000	(10,774)
13.4	<u>Mehfil-e-Mushaira</u>		
	Receipts	11,250	212,250
	Expenses	-	(385,910)
		11,250	(173,660)
13.5	<u>Implications of Finance Acts, 2019-20</u>		
	Receipts	16,000	837,000
	Expenses	-	(599,973)
		16,000	237,027
13.6	<u>Family Get together</u>		
	Receipts	398,200	400,700
	Expenses	(10,000)	(735,730)
		388,200	(335,030)
13.7	<u>Mobile Application</u>		
	Receipts	60,000	-
	Expenses	(60,000)	-
		-	-
		592,351	(27,973)

14 Meetings and Receptions

Receptions	26,895	155,672
Seminars and Meetings	7,019	511,019
	33,914	666,691

15 TAXATION

Current

The Association has filed its returns up to its financial year ended on December 31, 2019 (Corresponding to tax year 2020). The return so filed are deemed to be assessment orders as per section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

Deferred

No adjustments in respect of deferred tax liability is considered necessary as the Association is eligible for 100% Tax Credit Under Section 100C of the Ordinance, 2001.

16 DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue on 27 JAN 2021 to the authorized members of the Association.

17 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, whenever necessary for the purposes of comparison.

18 GENERAL

Figures have been rounded off to the nearest rupee.


President


General Secretary



M. Saleem Associates

Chartered Accountant ♦ Audit Tax Advisory

AUDITORS' REPORT TO THE MANAGING COMMITTEE

We have audited the annexed balance sheet of **KARACHI TAX BAR ASSOCIATION – BENEVOLENT FUND** as at December 31, 2020, together with the notes forming part thereof for the year then ended. These financial statements are the responsibility of the Managing committee of the Fund. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. As audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made. We believe that our audit provides a reasonable basis for our opinion.

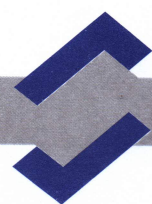
In our opinion, the financial statement together with the notes forming part thereof give a true and fair view of the balance sheet of Karachi Tax Bar Association – benevolent Fund's affairs as at December 31, 2020.



M.SALEEM ASSOCIATES
CHARTERED ACCOUNTANTS,

Muhammed Saleem


Karachi: 27 JAN 2021



KARACHI TAX BAR ASSOCIATION
BENEVOLENT FUND
BALANCE SHEET
AS AT DECEMBER 31, 2020

	NOTE	2020 -----(<i>Rupees</i>)-----	2019
<u>ASSETS</u>			
Long-term Investment	3	472,500	472,500
Investments	4	1,238,967	1,183,618
Advances	5	9,767	-
Cash at bank	6	249,334	249,334
TOTAL ASSETS		<u>1,970,568</u>	<u>1,905,452</u>
<u>FUNDS & LIABLITITES :</u>			
Accumulated Fund		<u>1,970,568</u>	<u>1,905,452</u>

The annexed notes 1 to 9 form an integral part of these financial statements.



President



General Secretary

**KARACHI TAX BAR ASSOCIATION
BENEVOLENT FUND
RECEIPTS & PAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	NOTE	2020 -----(<i>Rupees</i>)-----	2019
<u>RECEIPTS</u>			
Profit on DSC's		-	322,500
Dividend		65,116	-
Surplus for the year		65,116	322,500

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



President



General Secretary

**KARACHI TAX BAR ASSOCIATION
BENEVOLENT FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

1 NATURE OF THE BUSINESS

Karachi Tax Bar Association (Association) Benevolent Fund provide financial assistance to the members and to their families.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

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

2.2 Investments

Investment are stated at cost.

2.3 Revenue Recognition

Income is recorded on receipt basis.

2.4 Contributions

Contribution from members is accounted for on receipt basis. Ordinary members contribute Rs.100 on annual basis and life members contribute Rs.1000/- only for once. Currently there is No contribution from members.

3 LONG TERM INVESTMENT

-Defence Savings Certificates

2020 Rupees	2019 Rupees
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<u>472,500</u>	<u>472,500</u>
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4 INVESTMENT

Available for sale

NAFA Islamic Capital Presevation Plan II

<u>1,238,967</u>	<u>1,183,618</u>
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This represent investment in units of NAFA Islamic Capital Preservation Plan II. Total units as at December 31, 2020 are 11,992 (2019: 11,440). and the market value as at December 31, 2020 is Rs. 1,292,351/-(2019:Rs.1,272,561/-)

5 ADVANCES

Advance income tax

<u>9,767</u>	<u>-</u>
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6 CASH AT BANK

<u>249,334</u>	<u>249,334</u>
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7 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized to issue on 27 JAN 2021 to the authorized members of the association

8 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison.

9 GENERAL

Figures have been rounded off to the nearest rupee.


President


General Secretary