

AUDITOR'S REPORT TO THE TRUSTEES/BOARD OF GOVERNORS/ MANAGEMENT COMMITTEE

The standard format for the auditor's report relating to the audits of financial statements of Societies, Non-Government Organisations (NGOs), Non-Profit Organisations (NPOs), Charities, Voluntary Welfare Entities and similar organisations (here-in-after referred to as 'welfare entities') is not prescribed in any law in Pakistan at present. Further, the laws under which these 'welfare entities' are registered have no provision for the manner in which books of account is to be maintained by such welfare entities or how their financial statements are to be prepared. In view of the present state of affair, the Council has decided that the auditor's report on the financial statements of the aforementioned welfare entities shall be in accordance with the formats as attached in Illustrations 1 and 2, as applicable, and which form part of this ATR.

However, the auditor's report on the financial statements of the welfare entities registered under the Companies Act, 2017 shall be as per the format prescribed under the Auditors (Reporting Obligations) Regulations, 2018 (Annexure I) issued vide S.R.O. 558(I)/2018 dated 26th April, 2018 by the Securities and Exchange Commission of Pakistan.

Members are advised to ensure that general purpose financial statements of the welfare entities are prepared and presented in accordance with the general-purpose framework while reporting on those welfare entities. General purpose framework is a financial reporting framework designed to meet the common financial information needs of a wide range of users. A summary of the possible general-purpose framework for the preparation and presentation of general-purpose financial statements of the welfare entities that are not registered under the Companies Act, 2017, together with the applicable International Standards of Auditing (ISAs) as applicable in Pakistan for the auditor's report are as follows:

Framework/ basis used for preparation of financial statements	Format of auditor's report to be used/ applicable ISA	Format of the auditor's report specified in ATR
*Accounting and reporting standards as applicable in Pakistan	Report to be issued in accordance with revised ISAs 700 - 799 <i>Audit Conclusions and Reporting</i>	Illustration 1
Cash receipts and expenditure basis/ Cash receipts and disbursements basis	Report to be issued in accordance with revised ISAs 700 - 799 <i>Audit Conclusions and Reporting</i>	Illustration 2

* Accounting and reporting standards as applicable in Pakistan include:

1. International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) as notified by SECP; or
2. International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), issued by IASB as notified by SECP; or
3. Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs), issued by ICAP in 2006; or
4. Revised Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs), issued by ICAP in 2015; or
5. Accounting Standard for Not for Profit Organisations (NPOs), issued by ICAP; or
6. Accounting Standard - Financial Statements Disclosures of Zakat Received by an Entity, issued by ICAP; and
7. Accounting Standard - Non-Going Concern Basis of Accounting, issued by ICAP.

Effective Date: ATR 17 (Revised 2025) is effective for the audits of financial statements for the periods ending on or after **June 30, 2025**.

This revised ATR 17 (2025) supersedes the requirements as contained in ATR 17 (Revised 2017).

Illustration 1 - Auditor's Report on the financial statements of a welfare entity prepared in accordance with accounting and reporting standards as applicable in Pakistan**Independent Auditor's Report to the ⁱTrustees/ Board of Governors/ Management Committee/ other as appropriate of ⁱTrust/ Society/ other as appropriate
Opinion**

We have audited the annexed financial statements ofⁱ(Trust/Society/other as appropriate), which comprise the statement of financial position as at, and the ⁱⁱ the statement of profit or loss and other comprehensive income (or the statement of income and expenditure), ⁱⁱ the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the annexed financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of as at, and (of) its financial performance and ⁱⁱⁱits cash flows for the year then ended in accordance with the ⁱⁱⁱaccounting 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 ⁱ(Trust/Society/other as appropriate) 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.

Material Uncertainty relating to Going Concern (if applicable)**Emphasis of Matter (if any)****Other Matter (if any)****Responsibilities of Management and (Trustees/Board of Governors/ Management Committee/ other as appropriate) for the Financial Statements**

The Management of the ⁱ(Trust/Society/other as appropriate) is responsible for the preparation and fair presentation of the financial statements in accordance with the ⁱⁱⁱaccounting and reporting standards as applicable in Pakistan, and for such internal control as Management of the ⁱ(Trust/Society/other as appropriate) determine(s) 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 of the ⁱ(Trust/Society/other as appropriate) is responsible for assessing the ⁱ(Trust's/Society's /other as appropriate) ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless ⁱ(Trustees/Board of Governors/Management Committee/ other as appropriate) either intends to liquidate the ⁱ(Trust/Society/other as appropriate) or to cease operations, or has no realistic alternative but to do so.

(Trustees/Board of Governors/Management Committee/ other as appropriate) are responsible for overseeing the ⁱ(Trust/Society/other as appropriate) 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 ⁱ(Trust's/Society's/other as appropriate) 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 ⁱ(Trust's/Society's/other as appropriate) 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 ⁱ(Trust's/Society's/other as appropriate) 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 (Trustees/Board of Governors/Management Committee/ other as appropriate) 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.

The engagement partner on the audit resulting in this independent auditor's report is [name].

[Auditor's signature]

[Place / location of signing]

[Date of the auditor's report]

[UDIN]

Notes:

ⁱ Select whichever is applicable

ⁱⁱ The nomenclature will be the same as per financial statements prepared under the relevant framework

ⁱⁱⁱ Accounting and reporting standards as applicable in Pakistan include:

- 1) International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) as notified by SECP; or
- 2) International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), issued by IASB as notified by SECP; or

- 3) Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs), issued by ICAP in 2006; or
- 4) Revised Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs), issued by ICAP in 2015; or
- 5) Accounting Standard for Not for Profit Organisations (NPOs), issued by ICAP; or
- 6) Accounting Standard - Financial Statements Disclosures of Zakat Received by an Entity, issued by ICAP; and
- 7) Accounting Standard - Non-Going Concern Basis of Accounting, issued by ICAP.

^{iv} In case of modified opinion, please refer to ISA 705 (revised), *Modifications to the Opinion in the Independent Auditor's Report*.

Illustration 2 – Auditor’s Report on financial statement of a welfare entity prepared in accordance with the cash receipts and disbursements / cash receipts and expenditure basis

**Independent Auditor’s Report to the ⁱTrustees/ Board of Governors/ Management Committee/ other as appropriate of the ⁱTrust/ Society/ other as appropriate
Opinion**

We have audited the annexed financial statement of ⁱ(Trust/ Society/ other as appropriate) which comprise the statement of ⁱⁱcash receipts and disbursements/ cash receipts and expenditure (here-in-after referred to as the financial statement) for the year then ended, and notes to the financial statement, including material accounting policy information.

In our opinion, the annexed financial statement of the ⁱ(Trust/Society/other as appropriate) is prepared, in all material respects, in accordance with ⁱⁱ(cash receipts and disbursements/ cash receipts and expenditure) basis of accounting described in note X to the financial statement.

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 Statement* section of our report. We are independent of the ⁱ(Trust/Society/other as appropriate) 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.

Material Uncertainty relating to Going Concern (if applicable)

Emphasis of Matter (if any)

Other Matter (if any)

Responsibilities of Management and (Trustees/Board of Governors/Management Committee/ other as appropriate) for the Financial Statement

The Management of the ⁱ(Trust/ Society/ other as appropriate) is responsible for the preparation of the financial statement in accordance with ⁱⁱ(cash receipts and disbursements/ cash receipts and expenditure) basis of accounting described in note X to the financial statement, and for such internal control as the Management of the ⁱ(Trust/ Society/ other as appropriate) determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, Management of the ⁱ(Trust/Society/other as appropriate) is responsible for assessing the ⁱ(Trust’s/ Society’s/ other as appropriate) ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless ⁱ(Trustees/ Board of Governors/ Management Committee/ other as appropriate) either intends to liquidate the ⁱ(Trust/ Society/ other as appropriate) or to cease operations, or has no realistic alternative but to do so.

(Trustees/ Board of Governors/ Management Committee/ other as appropriate) are responsible for overseeing the ⁱ(Trust’s/ Society’s/ other as appropriate) financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 ⁱ(Trust/Society/other as appropriate) internal control.
- Evaluate the appropriateness of accounting policies used and related disclosures made by management.
- Conclude on the appropriateness of ⁱ(Trustees/ Board of Governors/ Management Committee/ other as appropriate) 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 ⁱ(Trust/ Society/ other as appropriate) 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 statement 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 ⁱ(Trust/ Society/ other as appropriate) to cease to continue as a going concern.

We communicate with (Trustees/ Board of Governors/ Management Committee/ other as appropriate) 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.

The engagement partner on the audit resulting in this independent auditor's report is [name].

[Auditor's signature]

[Place / location of signing]

[Date of the auditor's report]

[UDIN

Notes:

- ⁱ Select whichever is applicable
- ii The nomenclature will be the same as per financial statements prepared under the relevant framework
- iii Accounting and reporting standards as applicable in Pakistan include:
 - 1) International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) as notified by SECP; or
 - 2) International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), issued by IASB as notified by SECP; or
 - 3) Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs), issued by ICAP in 2006; or
 - 4) Revised Accounting and Financial Reporting Standard for Small-sized Entities (AFRS for SSEs), issued by ICAP in 2015; or
 - 5) Accounting Standard for Not for Profit Organisations (NPOs), issued by ICAP; or
 - 6) Accounting Standard - Financial Statements Disclosures of Zakat Received by an Entity, issued by ICAP; and
 - 7) Accounting Standard - Non-Going Concern Basis of Accounting, issued by ICAP.
- ^{iv} In case of modified opinion, please refer to ISA 705 (revised), *Modifications to the Opinion in the Independent Auditor's Report*.