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working world

ZAHRA BEAU NAQVI  
FOUNDATION WELFARE TRUST

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE, 2018

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Board of Trustees**

#### **Opinion**

We have audited the financial statements of **Zahra Beau Naqvi Foundation Welfare Trust (the Trust)**, which comprise the Balance Sheet as at 30 June, 2018, and the Income and Expenditure Account, Cash Flow Statement and Statement of Changes in Fund for the year then ended, and the 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 Trust as at 30 June, 2018, and its financial performance and its cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards for Small-Sized Entities (AFRS for SSEs) issued by the Institute of Chartered Accountants of 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 of Pakistan 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 management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting and Financial Reporting Standards for Small-Sized Entities (AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan and for such internal control as the 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 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 the management 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 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 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, 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 the management.
- Conclude on the appropriateness of the Trust'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.



**Chartered Accountants**  
**Audit Engagement Partner's name:** Ahsan Shahzad  
**Auditor address:** Islamabad  
**Date:** 18 December, 2018



**ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST**  
**BALANCE SHEET**  
**AS AT 30 JUNE, 2018**

		2018	2017
		----- Rupees -----	
<b>ASSETS</b>	<b>Note</b>		
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	5,125,619	6,116,241
Non-current portion of prepayment	5	27,389	-
		5,153,008	6,116,241
<b>CURRENT ASSETS</b>			
Short-term portion of prepayment	5	19,333	-
Inventories	6	295,533	-
Advances to suppliers	7	875,391	-
Tax due from Government		22,894	18,468
Cash and bank balance	8	517,605	885,418
		1,730,756	903,886
<b>TOTAL ASSETS</b>		<u>6,883,764</u>	<u>7,020,127</u>
<b>FUND AND LIABILITIES</b>			
<b>FUND</b>			
Accumulated surplus		2,164,069	1,886,593
<b>NON-CURRENT LIABILITIES</b>			
Deferred capital grant	9	4,387,645	5,047,351
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	10	332,050	86,183
<b>TOTAL FUND AND LIABILITIES</b>		<u>6,883,764</u>	<u>7,020,127</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

The annexed notes, from 1 to 16, form an integral part of these financial statements.

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CHAIRMAN

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TRUSTEE

**ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 JUNE, 2018**

	Note	2018 ----- Rupees -----	2017 -----
<b>INCOME</b>			
Amortization of deferred capital grant	9	659,706	582,387
Donations	12	7,838,456	2,957,855
<b>EXPENDITURE</b>			
Programme expenses	13	8,220,686	4,068,487
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>277,476</u>	<u>(528,245)</u>

The annexed notes, from 1 to 16, form an integral part of these financial statements.

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CHAIRMAN


*Ali Raza*  
TRUSTEE

**ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE, 2018**

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus/(deficit) for the year		277,476	(528,245)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation of property and equipment		1,222,222	636,614
Amortization of deferred capital grant		(659,706)	(582,387)
Tax refund written-off		-	-
Payables written-off		-	(18,540)
Operating deficit before working capital changes		839,992	(492,558)
<b>Working capital changes:</b>			
(Increase) / decrease in current assets			
Inventories		(295,533)	-
Advances to suppliers		(875,391)	-
Short-term portion of prepayment		(19,333)	14,404
Tax deducted at source		(4,426)	(1,162)
<b>Increase in current liabilities</b>			
Accrued and other payables		245,867	21,000
		(948,816)	34,242
<b>Cash used in operations</b>		(108,824)	(458,316)
Deferred grant against purchase of fixed assets		-	-
<b>Net cash used in operating activities</b>		(108,824)	(458,316)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(231,600)	(767,844)
Non-current portion of prepayment		(27,389)	-
<b>Net cash used in investing activities</b>		(258,989)	(767,844)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(367,813)	(1,226,160)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING THE YEAR</b>		885,418	2,111,578
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	517,605	885,418

The annexed notes, from 1 to 16 form an integral part of these financial statements.

  
 CHAIRMAN

  
 TRUSTEE



**ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 30 JUNE, 2018**

	Accumulated surplus ---- Rupees ----
Balance as at 30 June, 2016	2,414,838
Deficit for the year	(528,245)
Balance as at 30 June, 2017	<u>1,886,593</u>
Surplus for the year	277,476
Balance as at 30 June, 2018	<u><u>2,164,069</u></u>

The annexed notes, from 1 to 16, form an integral part of these financial statements.

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CHAIRMAN

*Ali Raza*

TRUSTEE

**ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE, 2018**

**1. LEGAL STATUS AND OPERATIONS**

Zahra Beau Naqvi Foundation Welfare Trust (the Trust) was registered with the Joint Sub-Registrar, Rawalpindi, under the Trust Act, 1882, and established through a Trust Deed executed on 08 January, 2013.

The objects of the Trust include:

- (i) Reducing infant mortality, and provision of standard pediatric medicine and health care facilities;
- (ii) Provision of free food, temporary shelter and medical facilities for the needy and poor; and
- (iii) Adoption of all measures necessary for promoting welfare of the needy.

The registered office of the Trust is located at Office No.123, Road A, Phase IV, Bahria Town, Islamabad, Pakistan. The premises includes a small-scale laboratory to conduct basic-medical tests.

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Revised Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) and Accounting Standard for Not for Profit Organizations (NPOs), as issued by the Institute of Chartered Accountants of Pakistan and the provisions of the Trust Deed.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Significant accounting estimates and judgements**

While applying the accounting policies as stated in Note 3.1 - 3.10 to the financial statements, the management of the Trust has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year of the revision in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

**Key sources of estimation uncertainty**

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

**(i) Useful life of property and equipment**

Management determines the estimated useful lives of its property 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 the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

**(ii) Inventories**

The management of the Trust, had previously assessed the consumption of kits and cards to take place over a period of more than one accounting period. Based on the expanding operations of the Trust, however, management now estimates the consumption of these items to take place more frequently.

*[Signature]*



Accordingly, based on the subsequent consumption of unused items as at 30 June 2017, the related costs have been fully charged in the Statement of Income and Expenditure Account during the year. All future purchases of items of kits and cards, therefore, will now be treated as items of inventory due to change in management's estimate of their frequency in consumption (Refer note 6 to the financial statements).

### 3.1 Property and equipment

The Trust reviews the appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Trust uses the technical resources available with the Trust. Any change in the estimates in the future might affect the carrying amount of the respective item of property and equipment, with a corresponding effect on the related depreciation charge and impairment.

### 3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Trust's functional and presentation currency.

### 3.3 Property and equipment

This is stated at cost less accumulated depreciation and impairment losses, if any. The depreciation charge is based on the straight-line method at rates disclosed in note 4, whereby the cost of an asset is written-off to the Income and Expenditure Account over its estimated useful life. A full month's depreciation is charged in the month of purchase whereas no depreciation is charged in the month of disposal.

Useful lives are determined by the management based on the expected usage of assets, the expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change in accounting estimate.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income and Expenditure Account in the year the asset is derecognized, and the related surplus on the revaluation is transferred directly to unrestricted funds.

Normal repairs and maintenance costs are charged to the Income and Expenditure Account as and when incurred.

### 3.4 Inventories

Inventories comprises of consumable items i.e., kits and cards. These are stated at the lower of cost and net realizable value. Cost comprises purchase price, including import duties and non-refundable / adjustable purchase taxes and other related costs which are directly attributable for bringing items of inventory to their present location and condition.

Net realizable value is determined on the basis of the estimated selling price of the product in the ordinary course of business less costs that would necessarily be incurred for its sale.

### 3.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise the Trust's cash in hand and cash at bank.

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**3.6 Fund**

The Fund comprises of the accumulated surplus / deficits of unutilized donations / grants. The Fund is used by the Trust for its various welfare activities in accordance with its programmes / plans.

**3.7 Accrued liabilities**

Accrued liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trust.

**3.8 Provisions**

A provision is recognized when, and only when, the Trust has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**3.9 Taxation**

No provision for tax has been recognized in the financial statements, after taking into account entitlement of tax credit to persons for charitable donations, under section 2(36) read with section 61 of the Income Tax Ordinance, 2001.

**3.10 Revenue recognition****3.10.1 Grant income**

Income from grant is recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

**3.10.2 Grants against operating activities**

Grants of a non-capital nature are recognized as deferred grant at the time of their receipt. Subsequently, these are recognized in the Income and Expenditure Account to the extent of expenditure incurred. Expenditure incurred against grants, against which grant funds have been committed but not received, is recognized in the Income and Expenditure Account and is reflected as a receivable from donors in the Balance Sheet, if any.

**3.10.3 Grants against purchase of fixed assets**

Grants received for the purchase of fixed assets are initially recorded as deferred grant against purchase of fixed assets upon receipt. Subsequently, these are recognized in the Income and Expenditure Account, on a systematic basis, over the periods necessary to match them with the useful life of the related assets.

**3.10.4 Donations**

Donations are recognized when they are received in the registered bank account of the Trust. The donations are further classified into to categories.

**(i) General donations**

Donations for which donors have not imposed any restriction on use are recognized in the year in which they are received, in the Income and Expenditure Account.

**(ii) Restricted donations**

Donations raised through campaigning for a specific cause are recorded as deferred grants, for recognition in the Income and Expenditure Account, till the actual expenditure is incurred.

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## 4 PROPERTY AND EQUIPMENT

	COST				ACCUMULATED DEPRECIATION			NET BOOK VALUE
	At 01 July 2017	Additions	At 30 June 2018	Rate	At 01 July 2017	For the year	At 30 June 2018	At 30 June 2018
	-----Rupees-----			%	-----Rupees-----			Rupees
Machinery	6,597,055	-	6,597,055	10	816,348	1,175,941	1,992,289	4,604,766
Office equipment	298,240	231,600	529,840	10	22,439	39,987	62,426	467,414
Furniture	62,940	-	62,940	10	3,207	6,294	9,501	53,439
	6,958,235	231,600	7,189,835		841,994	1,222,222	2,064,216	5,125,619

	COST				Rate	ACCUMULATED DEPRECIATION			NET BOOK VALUE
	At 01 July 2016	Additions	At 30 June 2017	At 01 July 2016		For the year	At 30 June 2017	At 30 June 2017	
	Rupees			Rupees			Rupees		
Machinery	6,074,391	522,664	6,597,055	10	202,480	613,868	816,348	5,780,707	
Office equipment	116,000	182,240	298,240	10	2,900	19,539	22,439	275,801	
Furniture	-	62,940	62,940	10	-	3,207	3,207	59,733	
	6,190,391	767,844	6,958,235		205,380	636,614	841,994	6,116,241	

- 4.1 The management of the Trust, had previously assessed the consumption of kits and cards to take place over a period of more than one accounting period. Based on the expanding operations of the Trust, however, management now estimates the consumption of these items to take place more frequently. Accordingly, based on the subsequent consumption of unused items as at 30 June 2017, the related costs have been fully charged in the Statement of Income and Expenditure Account during the year. All future purchases of items of kits and cards, therefore, will now be treated as items of inventory due to change in management's estimate of their frequency in consumption (Refer note 6 to the financial statements).

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**ZAHRA BEAU NAQVI FOUNDATION  
WELFARE TRUST**

		2018	2017
	Note	-----Rupees-----	
<b>8 NON-CURRENT PORTION OF PREPAYMENT</b>			
Non-current portion of prepayment		27,380	-
Current portion shown under current assets		19,333	-
	6.1	<u>40,722</u>	<u>-</u>
5.1 This represents fee paid to the Pakistan Centre for Philanthropy (PCP) for the renewal of Trust's PCP certification, valid for 3 years.			
		2018	2017
	Note	-----Rupees-----	
<b>6 INVENTORIES</b>			
Opening inventory	6.1	-	-
Additions during the year		2,093,310	-
Consumed during the year		(1,797,777)	-
		<u>295,533</u>	<u>-</u>
6.1 This represents unconsumed kits and cards of the Trust in its laboratory available at year end.			
		2018	2017
	Note	-----Rupees-----	
<b>7 ADVANCES TO SUPPLIERS</b>			
Advances to suppliers	7.1	<u>875,391</u>	<u>-</u>
7.1 This represents advances given to suppliers against order of kits and cards placed during the year.			
		2018	2017
	Note	-----Rupees-----	
<b>8 CASH AND BANK BALANCE</b>			
In hand		11,277	36,473
At bank			
Local currency - current account		<u>506,328</u>	<u>848,945</u>
		<u>517,605</u>	<u>885,418</u>
<b>9 DEFERRED CAPITAL GRANT</b>			
Balance at the beginning of the year		5,047,351	5,629,738
Additions during the year		-	-
		<u>5,047,351</u>	<u>5,629,738</u>
Less: Amortization during the year		(659,706)	(582,387)
		<u>4,387,645</u>	<u>5,047,351</u>
<b>10 ACCRUED AND OTHER PAYABLES</b>			
Accrued liabilities	10.1	330,352	86,000
Withholding tax payable		1,698	183
		<u>332,050</u>	<u>86,183</u>
10.1 Accrued liabilities consist of:			
Consultancy services		40,000	36,000
Accruals		290,352	50,000
		<u>330,352</u>	<u>86,000</u>

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**11 CONTINGENCIES AND COMMITMENTS**

There were no contingencies or commitments in the current or prior year.

	Note	2018 -----Rupees-----	2017
<b>12 DONATIONS</b>			
Related party donations	12.1	75,000	-
Restricted	12.2	500,000	-
Unrestricted	12.3	7,263,456	2,957,855
		<u>7,838,456</u>	<u>2,957,855</u>

12.1 This represents a donation made by a relative of the Chairman.

12.2 This represents amount donated by Infaq Foundation specifically for the purchase of screening kits for medical tests.

12.3 This represents amount received from multiple donors, both local and foreign, in favor of the Trust. Those donations have been subsequently remitted to the registered bank account of the Trust (refer note 3.10.4 to the financial statements).

	Note	2018 -----Rupees-----	2017
<b>13 PROGRAMME EXPENSES</b>			
Salary and wages	13.1	2,472,648	1,020,831
Consumable items	13.2	1,797,777	-
Depreciation expense		1,222,222	636,614
Postage and courier	13.3	571,202	388,817
Events and seminars	13.4	664,053	-
Rent expense		381,000	350,000
Transportation	13.5	248,050	122,000
Patient Sponsorship Program		232,668	270,816
Utilities		157,473	27,934
Legal and professional charges	13.6	124,577	39,900
Printing and stationery		93,498	172,112
Office expenses		61,042	82,579
Audit fee		50,000	50,000
Travelling		43,160	409,127
Repairs and maintenance - general		30,270	65,470
Entertainment expenses		23,238	7,478
Medical supplies		17,060	381,181
Amortization of PCP license fee		11,278	14,404
Communication expenses		10,700	24,750
Bank charges		8,770	4,474
		<u>8,220,686</u>	<u>4,068,487</u>

13.1 This includes salaries of staff hired on contract basis for the provision of medical services to beneficiaries. No remuneration was paid to the Chairman.

13.2 This represents expenditure incurred on the procurement of various types of consumable items comprising of kits and test cards.

13.3 This represents expenditure incurred on international couriers made for the purposes of transporting samples for medical tests to be conducted in Jordan.

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- 13.4 This represents expenses incurred on the fund raising gala dinner held during the year.
- 13.5 This represents transportation costs incurred by the Trust for the commute of staff to/from beneficiaries.
- 13.6 This includes professional fees paid to consultants for accounting and tax services obtained for the Trust.

#### 14 RELATED PARTY TRANSACTIONS

The related parties of the Trust comprise of the key management personnel of the Trust. The Trust in the normal course of business, carries out transactions with various related parties. The transaction with a related party has been disclosed in note 12 to the financial statements.

#### 15 GENERAL

Figures in these financial statements have been rounded-off to the nearest Rupee.

#### 16 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue by the Board of Trustees in a meeting held on

18 DEC 2018

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CHAIRMAN  
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TRUSTEE