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working world

Zahra Beau Naqvi Foundation Welfare Trust

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015**

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the annexed balance sheet of the **Zahra Beau Naqvi Foundation Welfare Trust (the Trust)** as at 30 June, 2015 and the related receipts and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof (here-in-after referred to as the financial statements), for the year then ended. It is the responsibility of the Trustees to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the cash receipts and expenditure incurred basis of preparation as described in note 2 to the annexed financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As described in note 2, the financial statements have been prepared on the cash receipts and expenditure incurred basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. In our opinion the financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June, 2015 and of its cash receipts and expenditure incurred, its cash flows and changes in Fund, for the year then ended, on the basis of accounting, as described in note 2 to the financial statements.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. These financial statements are prepared to assist the Trustees to comply with the provisions of the Income Tax Ordinance, 2001. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Trustees of Zahra Beau Naqvi Welfare Trust and the tax authorities, and should not be distributed to, or used by, parties other than the Trustees and the tax authorities.

Other Matter

The financial statements of the Trust for the year ended 30 June, 2014, were audited by another firm of chartered accountants, who expressed an unmodified opinion on those financial statements on 20 August, 2014.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner's Name: Khayyam Mushir

Date: 10 November, 2015

Place: Islamabad

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
BALANCE SHEET
AS AT 30 JUNE, 2015

		2015	2014 (Restated) (Note 12)
<u>ASSETS</u>	Note	-----Rupees-----	
NON-CURRENT ASSETS			
Long-term prepayment	4	14,404	-
CURRENT ASSETS			
Current portion of long-term prepayment	4	15,021	-
Tax deducted at source		21,773	20,895
Cash and bank balance	5	2,859,902	3,162,027
		2,896,696	3,182,922
TOTAL ASSETS		2,911,100	3,182,922
<u>FUND AND LIABILITIES</u>			
FUND			
Excess of receipts over expenditure		2,664,582	3,123,382
CURRENT LIABILITIES			
Due to the Chairman	6	18,540	18,540
Accrued and other payables	7	227,978	41,000
		246,518	59,540
TOTAL FUNDS AND LIABILITIES		2,911,100	3,182,922

The annexed notes, from 1 to 14, form an integral part of these financial statements.

Exhibit



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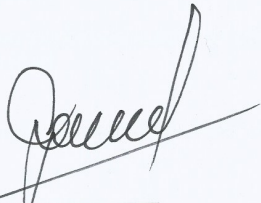
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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
RECEIPTS AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2015

		2015	2014 (Restated) (Note 12)
	Note	-----Rupees-----	
RECEIPTS			
Donations	8	429,943	3,353,440
EXPENDITURE			
Administrative expenses	9	888,743	906,560
(DEFICIT) SURPLUS FOR THE YEAR		<u>(458,800)</u>	<u>2,446,880</u>

The annexed notes, from 1 to 14, form an integral part of these financial statements.

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2015

	2015	2014	
		(Restated)	
	-----	-----	Rupees-----
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/ surplus for the year	(458,800)	2,446,880	
Working capital changes:			
Increase in current liabilities			
Accrued and other payables	186,978	59,540	
Cash (used in)/ generated from operations	(271,822)	2,506,420	
Income tax paid	(878)	(20,895)	
Long-term prepayment	(29,425)	-	
Net cash (used in)/ generated from operating activities	(302,125)	2,485,525	
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(302,125)	2,485,525	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,162,027	676,502	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5 <u>2,859,902</u>	<u>3,162,027</u>	

The annexed notes, from 1 to 14, form an integral part of these financial statements.

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE, 2015

	Excess of receipts over expenditure
	-----Rupees-----
Balance as at 01 July, 2013	781,602
Effect of rectification of errors (Note 12)	(105,100)
	676,502
Balance as at 01 July, 2013 - restated	2,446,880
Surplus for the year	3,123,382
Balance as at 30 June, 2014	(458,800)
Deficit for the year	2,664,582
Balance as at 30 June, 2015	2,664,582

The annexed notes, from 1 to 14, form an integral part of these financial statements.

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2015

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 paediatric medicine and health care
- (ii) Provision of free food, temporary shelter and medical facilities for the needy and poor;
- (iii) Adoption of all measures necessary for promoting welfare of the needy.

The registered office of the Trust is located at House No. 312 (First Floor), Service Road East, F-11/4, Islamabad, Pakistan.

2. BASIS OF PREPARATION AND ACCOUNTING

These financial statements have been prepared in accordance with the cash received and expenditure incurred basis of accounting, which is a comprehensive basis of accounting other than the generally accepted accounting principles, and provisions of the Trust Deed.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Functional and presentation currency

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

3.2 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.

3.3 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.

3.4 Donations

Donations are recognized when they are received in the registered bank account of the Trust.

3.5 Taxation

No provision for tax has been recognized in the financial statements, after taking into account the 100% tax credit available to the Trust against its income from donations, under section 100C of the Income Tax Ordinance, 2001.

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST

		2015	2014
Note		-----Rupees-----	
4. LONG-TERM PREPAYMENT			
Pakistan Centre For Philanthropy	4.1	29,425	-
Current portion shown under current assets		(15,021)	-
		<u>14,404</u>	<u>-</u>

4.1 This represents an amount paid to the Pakistan Centre for Philanthropy for obtaining an evaluation certificate. The certificate was issued on 16 June, 2015 and is valid till 16 June, 2017.

		2015	2014
		-----Rupees-----	
5. CASH AND BANK BALANCE			
In hand		6,380	6,380
At a bank in			
Local currency, current account		2,853,522	3,155,647
		<u>2,859,902</u>	<u>3,162,027</u>

6. DUE TO THE CHAIRMAN		<u>18,540</u>	<u>18,540</u>
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This represents amounts payable to the Chairman of the Trust, a related party, on account of the administrative charges incurred by him, on behalf of the Trust. The amount is payable on demand.

		2015	2014
Note		-----Rupees-----	
7. ACCRUED AND OTHER PAYABLES			
Accrued liabilities	7.1	202,000	41,000
Withholding tax payable	7.2	25,978	-
		<u>227,978</u>	<u>41,000</u>

7.1 Accrued liabilities consist of:

Consultancy and tax services from Ernst & Young Ford Rhodes Sidat Hyder		132,000	-
Consultancy services from Tanveer Khan & Company		20,000	21,000
Audit fee		50,000	20,000
		<u>202,000</u>	<u>41,000</u>

7.2 This represents the amount of taxes payable to the Government of Pakistan, in respect of payments made for goods and services acquired by the Trust in 2014 and 2015, under section 153 of the Income Tax Ordinance, 2001.

		2015	2014
Note		-----Rupees-----	
8. DONATIONS			
Local		-	169,500
Foreign	8.1	429,943	3,183,940
		<u>429,943</u>	<u>3,353,440</u>

8.1 This represents donations, from multiple donors, received on behalf of the Trust by a relative of the Chairman. These donations have been subsequently remitted to the registered bank account of the Trust.

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2015 2014
 Note -----Rupees-----

9. ADMINISTRATIVE EXPENSES

		(Restated) (Note 12)	
Capacity building and training	9.1	587,340	-
Legal and professional charges		168,500	81,000
Seminar and workshop		55,651	208,945
Audit fee		50,000	20,000
Expense for certification from Pakistan Centre For Philanthropy		575	-
Withholding tax expense	7.2	25,978	-
Charitable donation to a hospital	9.2	-	500,000
Travelling		-	27,325
Printing and stationery		-	21,300
Hotel charges		-	18,000
Communication		-	16,000
Postage and courier		-	11,730
Office supplies		-	1,600
Bank charges		699	660
		<u>888,743</u>	<u>906,560</u>

9.1 This represents visa and travel expenditure on account of travel outside Pakistan by three employees of Excel Labs for training purposes. The trainer did not charge any fee for his services.

9.2 This represented a donation made to Shaukat Khanum Memorial Trust, for use in the construction of a cancer hospital in Peshawar.

10. 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 balance with a related party has been disclosed in note 6 to the financial statements. Other related party transactions, not disclosed elsewhere, are as follows:

	2015	2014
	-----Rupees-----	
TRANSACTIONS WITH THE CHAIRMAN		
Administrative charges incurred on behalf of the Trust	-	28,710
Amounts reimbursed to the Chairman	-	10,170

11. RE-ARRANGEMENT AND RE-CLASSIFICATION

Corresponding figures have been re-arranged and re-classified, where necessary, for more appropriate presentation of transactions and events and for the purposes of comparison. Significant re-classifications are as follows:

From	To	----Rupees----
Trustees' Contribution	Excess of income over expenditure	781,602
Accrued and other liabilities	Due to the Chairman	18,540

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12. CORRECTION OF PRIOR PERIOD ERROR

The following errors in the financial statements for the year ended 30 June, 2014 were identified during the year:

- a) Management had previously recognized pre-incorporation expenditure, amounting to Rs. 105,100, as a non-current asset, which was being amortized over a 4 year period, with effect from 01 July, 2013. Accordingly, an expense of Rs. 26,276 was recognized in the year ended 30 June, 2014. The Trust has now recognized this pre-incorporation expense as an item of income and expenditure, on the date of its establishment, as the same does not meet the definition of an asset.
- b) The Trust had previously not recognized all its liabilities, as at 30 June, 2014, resulting in an understatement of Rs. 41,000.

The corrections have been made in these financial statements by restating corresponding figures, in accordance with the requirements of generally accepted accounting principles.

The effect of the above restatements on the financial statements for the current year are as follows:

	As originally reported in 2014	Effect of prior period error	Restated balance
-----Rupees-----			
Restatement in the balance sheet			
Accrued and other payables	-	41,000	41,000
Deferred cost	78,825	(78,825)	-
Restatement in the income and expenditure account			
Administrative expenses	891,836	14,724	906,560
Restatement in the statement of fund			
as at 01 July, 2013	781,602	(105,100)	676,502

13. DATE OF AUTHORIZATION OF ISSUE

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

10th NOV 2015

14. GENERAL

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

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