

IA/186/2016
20 October, 2016

The Board of Trustees (the Board)
IHS Children's Hospital
Street 30, Khursheed Market
F-10/1, Islamabad
Pakistan

Dear Members of the Trust,

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2016

We are pleased to enclose, herewith, four copies of the **draft financial statements of Zahra Beau Naqvi Foundation Welfare Trust (the Trust)**, for the year ended 30 June, 2016, together with our **draft audit report** thereon, initialed by us only for identification. We shall be pleased to sign our report, after:

- a) the Board of Trustees (the Board) has approved the financial statements and these have been amended to incorporate adjustments, if any, as may be approved by the Board; and
- b) the financial statements have been signed by the Chairman and another member of the Board authorized in this behalf; and
- c) we have received a representation letter duly signed by the Chairman and a Trustee.

2 RESPONSIBILITIES OF THE AUDITORS AND MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS

- 2.1 The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in the International Standards on Auditing.
- 2.2 While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such financial statements is primarily that of the management. Management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Trust and prevention and detection of frauds and irregularities. An audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of books of account and records should not be relied upon to disclose all errors or irregularities.

3 MATTERS FOR SPECIFIC ATTENTION OF THE BOARD

3.1 RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with related parties other than those as disclosed in the financial statements.

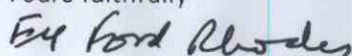
3.2 CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there were no contingencies and commitments as of the balance sheet date, except those as disclosed in the financial statements.

We would like to inform the Board that unless we have signed the auditors' report on the enclosed financial statements, the same shall remain and be deemed unaudited.

We wish to place on record our appreciation for the courtesy and cooperation extended to us by the Trust's personnel at all levels during the course of our audit.

Yours faithfully



Encls: KM/TF



**Building a better
working world**

**ZAHRA BEAU NAQVI FOUNDATION WELFARE
TRUST**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

EY Ford Rhodes
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the accompanying financial statements of Zahra Beau Naqvi Foundation Welfare Trust (the Trust), which comprise the balance sheet as at 30 June, 2016, and the income and expenditure account, statement of changes in fund and the cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information (here-in-after referred to as "the Financial Statements").

Management's Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these Financial Statements in accordance with the Guideline for Accounting and Financial Reporting by Non-Governmental Organizations (NGOs) / Non-Profit Organizations (NPOs) as issued by the Institute of Chartered Accountants of Pakistan, and for such internal controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

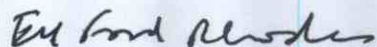
Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements, 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of the Trust as at 30 June, 2016, and its financial performance and its cash flows for the year then ended, in accordance with the Guideline for Accounting and Financial Reporting by Non-Governmental Organizations (NGOs) / Non-Profit Organizations (NPOs) as issued by the Institute of Chartered Accountants of Pakistan.



Chartered Accountants

Audit Engagement Partner's Name: Khayyam Mushir

Dated: 25 October 2016

Place: Islamabad

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
BALANCE SHEET
AS AT 30 JUNE, 2016

	2016	2015
	----- Rupees -----	
	Note	
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Fixed assets	4 5,985,011	-
Long-term prepayment	5 -	14,404
CURRENT ASSETS		
Current portion of long-term prepayment	14,404	15,021
Tax deducted at source	17,306	21,773
Cash and bank balance	6 2,111,578	2,859,902
	2,143,288	2,896,696
TOTAL ASSETS	8,128,299	2,911,100
<u>FUND AND LIABILITIES</u>		
FUND		
Accumulated surplus	2,414,838	2,664,582
NON-CURRENT LIABILITIES		
Deferred grant against purchase of fixed assets	7 5,629,738	-
CURRENT LIABILITIES		
Due to the Chairman	8 18,540	18,540
Accrued and other payables	9 65,183	227,978
	83,723	246,518
TOTAL FUND AND LIABILITIES	8,128,299	2,911,100

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

Riffat Javed

TRUSTEE



[Signature]

TRUSTEE

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2016

		2016	2015
	Note	----- Rupees -----	
INCOME			
Grant	7	194,129	-
Donations	10	412,142	429,943
EXPENDITURE			
Administrative expenses	11	856,015	888,743
DEFICIT FOR THE YEAR		(249,744)	(458,800)

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

Rifat Javed

TRUSTEE



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TRUSTEE

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2016

	2016	2015
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(249,744)	(458,800)
Adjustments for non-cash charges and other items:		
Depreciation of property and equipment	205,380	-
Deferred income	(194,129)	-
Tax refund written-off	4,467	-
Working capital changes:		
Increase / (decrease) in current liabilities		
(Decrease) / increase in accrued and other payables	(162,795)	186,978
Cash (used in) operations	(396,821)	(271,822)
Income tax paid	-	(878)
Long-term prepayment	15,021	(29,425)
Deferred grant against purchase of fixed assets	-	-
Net cash (used in) operating activities	(381,800)	(302,125)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(366,524)	-
Net cash (used in) investing activities	(366,524)	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(748,324)	(302,125)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,859,902	3,162,027
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,111,578	2,859,902

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

Riffat Javed

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE, 2016

	Accumulated surplus
	---- Rupees ----
Balance as at 30 June, 2014	3,123,382
Deficit for the year	(458,800)
Balance as at 30 June, 2015	2,664,582
Deficit for the year	(249,744)
Balance as at 30 June, 2016	2,414,838

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

Riffat Javed

TRUSTEE



[Signature]

TRUSTEE

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2016

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 Intergrated Health Services (IHS) Children's Hospital, Street 30, Khursheed Market, F-10/1, Islamabad, Pakistan.

2. BASIS OF PREPARATION AND ACCOUNTING

These financial statements have been prepared in accordance with the Guideline for Accounting and Financial Reporting By Non-Governmental Organizations (NGOs) / Non-Profit Organizations (NPOs) (the Guideline), as issued by the Institute of Chartered Accountants of Pakistan and the provisions of the Trust Deed.

The management has adopted the Guideline with effect from July 01, 2015 and has assessed that the adoption of the above mentioned Guideline has not resulted in the recognition / derecognition of any asset or liability, which had already been recognized under the previous applicable financial reporting framework.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Trust's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Plant 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 plant and equipment, with a corresponding effect on the related depreciation charge and impairment.

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 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.

3.3 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.

3.4 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.

3.5 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.

3.6 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 grants and donations, under section 100C of the Income Tax Ordinance, 2001.



3.7 Revenue recognition

3.7.1 Grant income

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

3.7.2 Grants against operating activities

Grants of a non-capital nature are recognized as deferred income 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.

3.7.3 Grants against purchase of fixed assets

Grants received for the purchase of fixed assets are initially recorded as deferred income 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 carrying value of the related assets.

3.8 Donations

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

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST

4 PLANT AND EQUIPMENT

	COST			Rate %	ACCUMULATED DEPRECIATION		NET BOOK VALUE
	At 01 July 2015	Additions	At 30 June 2016		At 01 July 2015	For the year	
	Rupees				Rupees		Rupees
Machinery	-	6,074,391	6,074,391	10	-	202,480	5,871,911
Office equipment	-	116,000	116,000	10	-	2,900	113,100
	-	6,190,391	6,190,391		-	205,380	5,985,011

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST

		2016	2015
	Note	-----Rupees-----	
5 LONG-TERM PREPAYMENT			
Pakistan Centre For Philanthropy	5.1	-	29,425
Current portion shown under current assets		-	(15,021)
		<u>-</u>	<u>14,404</u>

5.1 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.

		2016	2015
		-----Rupees-----	
6 CASH AND BANK BALANCE			
In hand		56,093	6,380
At a bank in			
Local currency, current account		2,055,485	3,155,647
		<u>2,111,578</u>	<u>3,162,027</u>

7 DEFERRED GRANT AGAINST PURCHASE OF FIXED ASSETS

Balance at the beginning of the year	-	-
Additions during the year	5,823,867	-
	<u>5,823,867</u>	-
Amortization during the year	194,129	-
	<u>5,629,738</u>	-

8 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.

		2016	2015
	Note	-----Rupees-----	
9 ACCRUED AND OTHER PAYABLES			
Accrued liabilities	9.1	65,000	202,000
Withholding tax payable		183	25,978
		<u>65,183</u>	<u>227,978</u>

9.1 Accrued liabilities consist of:

Consultancy and tax services from EY Ford Rhodes	-	132,000
Consultancy services from Tanveer Khan & Company	15,000	20,000
Audit fee	50,000	50,000
	<u>65,000</u>	<u>202,000</u>

3

		2016	2015
	Note	-----Rupees-----	
10 DONATIONS			
Local		-	429,943
Foreign	10.1	<u>412,142</u>	-
		<u>412,142</u>	<u>429,943</u>

10.1 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.

		2016	2015
	Note	-----Rupees-----	
11 ADMINISTRATIVE EXPENSES			
Salary and wages		75,000	-
Capacity building and training		-	587,340
Legal and professional charges		121,900	168,500
Seminar and workshop		-	55,651
Audit fee		50,000	50,000
Expense for certification from Pakistan Centre For Philanthropy		-	575
Withholding tax expense		-	25,978
Travelling		93,500	-
Medical supplies		193,440	-
Postage and courier		96,525	-
Tax refund written-off		4,467	-
Amortization expense		15,020	-
Depreciation expense		205,380	-
Bank charges		783	699
		<u>856,015</u>	<u>888,743</u>

12 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 8 to the financial statements.

13 DATE OF AUTHORIZATION OF ISSUE

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

14 GENERAL

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

Riffat Javed

TRUSTEE



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