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**ZAHRA BEAU NAQVI
FOUNDATION WELFARE TRUST**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2017**

EY Ford Rhodes



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EY Ford Rhodes
Chartered Accountants
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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, 2017, 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, 2017, and its financial performance and its cash flows for the year then ended, in accordance with Revised Accounting and Financial Reporting Standard 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 ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Revised Accounting and Financial Reporting Standard 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 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



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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.

Ernst & Young

Chartered Accountants

Audit Engagement Partner's name: Khayyam Mushir

Auditor address: Islamabad

Date: 16 November, 2017

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
BALANCE SHEET
AS AT 30 JUNE, 2017

	Note	2017 ----- Rupees -----	2016 ----- Rupees -----
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property and equipment	4	6,116,241	5,985,011
CURRENT ASSETS			
Prepayment	5	-	14,404
Tax deducted at source		18,468	17,306
Cash and bank balance	6	885,418	2,111,578
		903,886	2,143,288
TOTAL ASSETS		<u>7,020,127</u>	<u>8,128,299</u>
<u>FUND AND LIABILITIES</u>			
FUND			
Accumulated surplus		1,886,593	2,414,838
NON-CURRENT LIABILITIES			
Deferred grant against purchase of fixed assets	7	5,047,351	5,629,738
CURRENT LIABILITIES			
Due to the Chairman	8	-	18,540
Accrued and other payables	9	86,183	65,183
		86,183	83,723
TOTAL FUND AND LIABILITIES		<u>7,020,127</u>	<u>8,128,299</u>

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

Ali Zargar

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2017

	Note	2017 ----- Rupees -----	2016 ----- Rupees -----
INCOME			
Amortization of deferred capital grants	7	582,387	194,129
Donations	10	2,957,855	412,142
EXPENDITURE			
Programme expenses	11	4,068,487	856,015
DEFICIT FOR THE YEAR		<u>(528,245)</u>	<u>(249,744)</u>

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

Alitza

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Alitza

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2017

Note	2017 ----- Rupees -----	2016 ----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(528,245)	(249,744)
Adjustments for non-cash charges and other items:		
Depreciation of property and equipment	636,614	205,380
Amortization	(582,387)	(194,129)
Tax refund written-off	-	4,467
Payables written-off	(18,540)	-
Operating deficit before working capital changes	(492,558)	(234,026)
Working capital changes:		
(Increase) / decrease in current assets		
Long term prepayments	14,404	15,021
Tax deducted at source	(1,162)	-
Increase/(decrease) in current liabilities		
Accrued and other payables	21,000	(162,795)
Cash used in operations	(458,316)	(381,800)
Deferred grant against purchase of fixed assets	-	-
Net cash used in operating activities	(458,316)	(381,800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(767,844)	(366,524)
Net cash used in investing activities	(767,844)	(366,524)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,226,160)	(748,324)
CASH AND CASH EQUIVALENTS AT THE BEGINNING THE YEAR	2,111,578	2,859,902
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	885,418	2,111,578

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

Aliqaz

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE, 2017

	Accumulated surplus ---- Rupees ----
Balance as at 30 June, 2015	2,664,582
Deficit for the year	(249,744)
Balance as at 30 June, 2016	2,414,838
Deficit for the year	(528,245)
Balance as at 30 June, 2017	1,886,593

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

Ali Raza

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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2017

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.

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.

The management has adopted the Accounting Standard for NPOs with effect from July 01, 2016, and has assessed that the adoption of Revised Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) and Accounting Standards for NPOs have not resulted in the recognition / derecognition of any asset or liability, which had already been recognized under the previous financial reporting framework.

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 recognised 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.

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 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.

3.5 Fund

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

3.6 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.

3.7 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.

3.8 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.

3.9 Revenue recognition**3.9.1 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.

3.9.2 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.

3.9.3 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 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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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST

4 PLANT AND EQUIPMENT

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

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		2017	2016
	Note	-----Rupees-----	
5 PREPAYMENT			
Current portion shown under current assets	5.1	-	14,404
		<u>-</u>	<u>14,404</u>

5.1 This represented an amount paid to the Pakistan Centre for Philanthropy for obtaining an evaluation certificate.

		2017	2016
		-----Rupees-----	
6 CASH AND BANK BALANCE			
In hand		36,473	56,093
At a bank in			
Local currency, current account		848,945	2,055,485
		<u>885,418</u>	<u>2,111,578</u>

7 DEFERRED GRANT AGAINST PURCHASE OF FIXED ASSETS

Balance at the beginning of the year	5,629,738	-
Additions during the year	-	5,823,867
	<u>5,629,738</u>	<u>5,823,867</u>
Amortization during the year	582,387	194,129
	<u>5,047,351</u>	<u>5,629,738</u>

8 DUE TO THE CHAIRMAN

	-	18,540
	<u>-</u>	<u>18,540</u>

This represented an amount payable to the Chairman of the Trust, a related party, on account of the administrative charges incurred by him, on behalf of the Trust.

		2017	2016
	Note	-----Rupees-----	
9 ACCRUED AND OTHER PAYABLES			
Accrued liabilities	9.1	86,000	65,000
Withholding tax payable		183	183
		<u>86,183</u>	<u>65,183</u>

9.1 Accrued liabilities consist of:

Consultancy services	36,000	15,000
Audit fee	50,000	50,000
	<u>86,000</u>	<u>65,000</u>

10 DONATIONS

Foreign

Unrestricted	-	412,142
Restricted	2,957,855	-

	10.1	<u>2,957,855</u>	<u>412,142</u>
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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 (refer note 3.10 to the financial statements).

	Note	2017 -----Rupees-----	2016 -----Rupees-----
11 PROGRAMME EXPENSES			
Salary and wages	11.1	1,020,831	75,000
Legal and professional charges		39,900	121,900
Audit fee		50,000	50,000
Travelling		409,127	93,500
Medical supplies	11.2	381,181	193,440
Postage and courier		388,817	96,525
Tax refund written-off		-	4,467
Communication expenses		24,750	-
Entertainment expenses		7,478	-
Office expenses		82,579	-
Patient Sponsorship Program		270,816	-
Printing and stationary		172,112	-
Repairs and maintenance - general		65,470	-
Rent expense		350,000	-
Transportation		122,000	-
Utilities		27,934	-
Amortization expense		14,404	15,020
Depreciation expense		636,614	205,380
Bank charges		4,474	783
		<u>4,068,487</u>	<u>856,015</u>

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

11.2 This represents expenditure incurred on the procurement of various types of medical supplies comprising of pipettes, droppers and Volumetric Glass.

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 GENERAL

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

14 DATE OF AUTHORIZATION OF ISSUE

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

~~16 NOV 2017~~

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