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ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Zahra Beau Naqvi Foundation Welfare Trust

Opinion

We have audited the financial statements of Zahra Beau Naqvi Foundation Welfare Trust (the Trust), which comprise the statement of financial position as at 30 June 2019, statement of income and expenditure, statement of changes in fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Trust as at 30 June 2019, 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) and Accounting Standard for Not for Profit Organizations (NPOs), as 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 *Auditors' 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 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 the Board of Trustees for the Financial Statements


Management is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standards as applicable in 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 management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the Trust's financial reporting process.

Auditors' 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 auditors' 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 Trust's 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 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 audit 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 auditors' 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 the Board of Trustees 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 auditors' report is Ahsan Shahzad.



EY Ford Rhodes
Chartered Accountants
Islamabad, Pakistan
Date: 10 March 2020

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
STATEMENT OF FINANCIAL POSTION
AS AT 30 JUNE 2019

	Note	2019 ----- Rupees -----	2018 -----
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	10,815,961	5,125,619
Non-current portion of prepayment	5	8,056	27,389
		10,824,017	5,153,008
CURRENT ASSETS			
Advances and prepayments	6	28,413	894,724
Inventories	7	1,135,260	295,533
Tax due from Government		-	22,894
Cash and bank balance	8	1,523,682	517,605
		2,687,355	1,730,756
TOTAL ASSETS		13,511,372	6,883,764
FUND AND LIABILITIES			
FUND			
Accumulated surplus		1,332,933	2,164,069
NON-CURRENT LIABILITIES			
Deferred capital grant	9	10,095,979	4,387,645
CURRENT LIABILITIES			
Accrued and other payables	10	2,082,460	332,050
TOTAL FUND AND LIABILITIES		13,511,372	6,883,764
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The annexed notes, from 1 to 17, form an integral part of these financial statements.


CHAIRMAN




TRUSTEE

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
 STATEMENT OF INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Note	----- Rupees -----	-----
INCOME			
Amortization of deferred capital grant	9	1,114,566	659,706
Donations	12	7,082,858	7,838,456
EXPENDITURE			
Programme expenses	13	9,028,560	8,220,686
(DEFICIT) / SURPLUS FOR THE YEAR		(831,136)	277,476

The annexed notes, from 1 to 17, form an integral part of these financial statements.


 CHAIRMAN




 TRUSTEE

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
 STATEMENT OF CHANGES IN FUND
 FOR THE PERIOD ENDED AT 30 JUNE 2019

	Accumulated surplus Rupees
Balance as at 01 July 2017	1,886,593
Surplus for the year	277,476
Balance as at 30 June 2018	<u>2,164,069</u>
Deficit for the year	(831,136)
Balance as at 30 Jun 2019	<u><u>1,332,933</u></u>

The annexed notes, from 1 to 17, form an integral part of these financial statements.


 CHAIRMAN




 TRUSTEE

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED AT 30 JUNE 2019

	2019	2018
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / surplus for the year	(831,136)	277,476
Adjustments for non-cash charges and other items:		
Depreciation of property and equipment	1,176,646	1,222,222
Donation in-kind	(150,000)	-
Amortization of deferred capital grant	(1,114,566)	(659,706)
Amortization of prepayment	19,333	11,279
Tax due from Government written-off	126,791	-
Operating (deficit) / surplus before working capital changes	(772,932)	851,271
Working capital changes:		
(Increase) / decrease in current assets		
Inventories	(689,727)	(295,533)
Advances to suppliers	875,391	(875,391)
Advances to employee	(9,080)	-
Short-term portion of prepayment	-	(19,333)
Tax deducted at source	(103,897)	(4,427)
Increase / (decrease) in current liabilities		
Accrued and other payables	1,750,410	245,867
	1,823,097	(948,817)
Cash generated from / (used in) operations	1,050,165	(97,546)
Net cash generated from / (used in) operating activities	1,050,165	(97,546)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure (Note)	(44,088)	(231,600)
Non-current portion of prepayment	-	(38,667)
Net cash used in investing activities	(44,088)	(270,267)
Net increase / (decrease) in cash and cash equivalents	1,006,077	(367,813)
Cash and cash equivalent at beginning of the year	517,605	885,418
Cash and cash equivalent at the end of the year	1,523,682	517,605
	8	

Note: Donation in-kind recognised as deferred capital grant

6,822,900

The annexed notes, from 1 to 17, form an integral part of these financial statements.

CHAIRMAN



TRUSTEE

ZAHRA BEAU NAQVI FOUNDATION WELFARE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019

1 LEGAL STATUS AND OPERATIONS

- 1.1 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.

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 - 4.4 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:

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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 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 in the year the asset is derecognized, and the related

Normal repairs and maintenance costs are charged to the Statement of Income and Expenditure 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 Statement of Cash Flows, cash and cash equivalents comprise the Trust's cash in hand and cash at bank.

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 Statement of Financial Position 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 Statement of Income and Expenditure to the extent of expenditure incurred. Expenditure incurred against grants, against which grant funds have been committed but not received, is recognized in the Statement of Income and Expenditure and is reflected as a receivable from donors in the Statement of Financial Position, 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 Statement of Income and Expenditure, 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 Statement of Income and Expenditure.

(ii) Restricted donations

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

(iii) In-kind donations

An item of property and equipment, received as donation, is recognized at its fair value, with a corresponding credit to deferred capital grant. Subsequently, these are recognized in the Statement of Income and Expenditure on a systematic basis over the periods necessary to match them with the carrying value of the related assets.

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4 PROPERTY AND EQUIPMENT

	COST			Rate %	ACCUMULATED DEPRECIATION			NET BOOK VALUE Rupees
	At 01 July 2018	Additions	At 30 Jun 2019		At 01 July 2018	For the year	At 30 Jun 2019	
Machinery	6,597,055	6,857,718	13,454,773	10	1,992,289	1,116,887	3,109,176	10,345,597
Office equipment	529,840	9,270	539,110	10	62,426	53,465	115,891	423,219
Furniture	62,940	-	62,940	10	9,501	6,294	15,795	47,145
	7,189,835	6,866,988	14,056,823		2,064,216	1,176,646	3,240,862	10,815,961

	COST			Rate %	ACCUMULATED DEPRECIATION			NET BOOK VALUE Rupees
	At 01 July 2017	Additions	At 30 June 2018		At 01 July 2017	For the year	At 30 June 2018	
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

	Note	2019 -----Rupees-----	2018 -----Rupees-----
5 NON-CURRENT PORTION OF PREPAYMENT			
Non-current portion of prepayment	5.1	27,389	46,722
Current portion shown under current assets		<u>(19,333)</u>	<u>(19,333)</u>
		<u>8,056</u>	<u>27,389</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.

	Note	2019 -----Rupees-----	2018 -----Rupees-----
6 ADVANCES AND PREPAYMENTS			
Advances to suppliers	6.1	-	875,391
Advances to employee		9,080	-
Current portion of prepayment	5	<u>19,333</u>	<u>19,333</u>
		<u>28,413</u>	<u>894,724</u>

6.1 This represented advances given to suppliers against order of kits and cards placed during the year 2018. The kits and cards have been received on 03 July 2018.

	Note	2019 -----Rupees-----	2018 -----Rupees-----
7 INVENTORIES			
Opening inventory		295,533	-
Additions during the year		3,096,810	2,093,310
Consumed during the year		<u>(2,257,083)</u>	<u>(1,797,777)</u>
	7.1	<u>1,135,260</u>	<u>295,533</u>

7.1 This represents unconsumed kits and cards of the Trust in its laboratory available at year end.

	Note	2019 -----Rupees-----	2018 -----Rupees-----
8 CASH AND BANK BALANCE			
In hand		22,481	11,277
At bank			
Local currency - current account		<u>1,501,201</u>	<u>506,328</u>
		<u>1,523,682</u>	<u>517,605</u>

	Note	2019 -----Rupees-----	2018 -----Rupees-----
9 DEFERRED CAPITAL GRANT			
Balance at the beginning of the year		4,387,645	5,047,351
Additions during the year	9.1	<u>6,822,900</u>	-
		<u>11,210,545</u>	<u>5,047,351</u>
Amortization during the year		<u>(1,114,566)</u>	<u>(659,706)</u>
		<u>10,095,979</u>	<u>4,387,645</u>

9.1 This represent in-kind donation received from Perkin Elmer.

	Note	2019 -----Rupees-----	2018
10 ACCRUED AND OTHER PAYABLES			
Accounts payable		495,039	-
Accrued liabilities	10.1	457,388	330,352
Short term bridge loan	10.2	1,130,000	-
Withholding tax payable		33	1,698
		<u>2,082,460</u>	<u>332,050</u>

10.1 Accrued liabilities consist of:

Consultancy services	40,000	40,000
Accruals	417,388	290,352
	<u>457,388</u>	<u>330,352</u>

10.2 This represents the short term loan given by the Chairman to finance the operations of the Trust.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies or commitments as at current and prior year end.

	Note	2019 -----Rupees-----	2018
12 DONATIONS			
Restricted	12.1	697,000	500,000
Unrestricted - General	12.2	6,235,858	7,263,456
Related party donations	12.3	150,000	75,000
		<u>7,082,858</u>	<u>7,838,456</u>

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

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

12.3 Donation for the year represents in-kind donation of a kit worth Rs.150,000 from the Chairman.



	Note	2019 -----Rupees-----	2018
13 PROGRAMME EXPENSES			
Salaries and wages	13.1	3,001,306	2,472,648
Consumable items	13.2	2,257,083	1,797,777
Depreciation expense	4	1,176,646	1,222,222
Events and seminars	13.3	-	664,053
Postage and courier	13.4	547,583	571,202
Rent expense		455,250	381,000
Transportation	13.5	331,000	248,050
Patient Sponsorship Program		163,635	232,668
Utilities		239,595	157,473
Printing and stationary		86,085	93,498
Legal and professional charges	13.6	112,299	124,577
Office expenses		33,007	61,042
Audit fee		55,000	50,000
Travelling		237,150	43,160
Repairs and maintenance - general		38,850	30,270
Entertainment expenses		28,122	23,237
Amortization of PCP license fee		19,333	11,279
Medical supplies		40,200	17,060
Communication expenses		14,500	10,700
Bank charges		9,357	8,770
Tax due from Government written-off		126,791	-
Exchange Loss		55,768	-
		<u>9,028,560</u>	<u>8,220,686</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 represented expenses incurred on the fund raising gala dinner held during the last year.

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

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 transactions and balances with the related parties have been disclosed in note 10, 12, and 13 to the financial

15 REMUNERATION TO KEY MANAGEMENT PERSON

No salary/remuneration was paid to the Chairman who is the only key management person of the Trust.

16 GENERAL AND CORRESPONDING FIGURES**16.1 GENERAL**

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

16.2 CORRESPONDING FIGURES

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. However, no significant re-arrangement and re-classifications have been made.

17 DATE OF AUTHORIZATION OF ISSUE

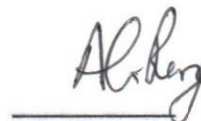
These financial statements were authorized for issue by the Board of Trustees in a meeting held on

10th March 2020

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CHAIRMAN




TRUSTEE