

JAMSHED AKHTER QURESHI EDUCATION TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2017



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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES**Opinion**

We have audited the financial statements of **JAMSHED AKHTER QURESHI EDUCATION TRUST** ("the Trust"), which comprise of statement of financial position as at June 30, 2017 and the related income and expenditure account and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust as at June 30, 2017, and of its financial performance for the year then ended in accordance with accounting framework and policies as described in note 2 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with the 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 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 the accounting framework and policies as described in note 2 to the financial statements 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.

Those charged with governance are responsible for overseeing the Trust 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 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 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 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.

ISLAMABAD

DATED: 02 APR 2018


CHARTERED ACCOUNTANTS

Engagement Partner: Abdul Qadeer



JAMSHED AKHTER QURESHI EDUCATION TRUST
BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property plant and equipments	4	1,625,556	1,632,863
CURRENT ASSETS			
Other receivables	5	50,000	245,303
Cash and bank balances	6	11,594,478	11,181,294
		<u>11,644,478</u>	<u>11,426,597</u>
TOTAL ASSETS		<u>13,270,034</u>	<u>13,059,460</u>
LESS			
CURRENT LIABILITIES			
Accrued liabilities		1,261	27,155
Security deposits	7	446,108	485,127
		<u>447,369</u>	<u>512,282</u>
NET ASSETS		<u>12,822,665</u>	<u>12,547,178</u>
REPRESENTED BY:			
General fund		1,257,522	2,471,783
Endowment fund	8	11,435,943	9,816,995
Deferred capital grant	9	129,200	258,400
		<u>12,822,665</u>	<u>12,547,178</u>

The annexed notes 1 to 12 form an integral part of these financial statements.



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**JAMSHED AKHTER QURESHI EDUCATION TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
INCOME			
Donations		9,897,889	11,574,415
School income		1,006,320	942,830
Amortization of deferred capital grant		129,200	129,200
Bank profit		83,745	79,437
Other income		-	1,000
Exchange gain		-	193,620
		<u>11,117,154</u>	<u>12,920,502</u>
EXPENDITURE			
Administrative and educational expenses	10	12,163,687	10,825,762
Amortization	9	129,200	129,200
Exchange loss		38,528	-
(Deficit) / surplus for the year		<u>(1,214,261)</u>	<u>1,965,540</u>
Surplus brought forward		2,471,783	506,243
Surplus carried forward		<u><u>1,257,522</u></u>	<u><u>2,471,783</u></u>

The annexed notes 1 to 12 form an integral part of these financial statements.





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JAMSHED AKHTER QURESHI EDUCATION TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus for the year		(1,214,261)	1,965,540
Adjustments for non cash items:			
Depreciation		371,107	339,562
Exchange gain		38,528	(193,620)
Amortization of deferred capital grant		(129,200)	(129,200)
		280,435	16,742
(Deficit) / surplus before working capital changes		(933,826)	1,982,282
Changes in working capital:			
(Increase)/decrease in current assets			
Other receivables		195,303	4,697
Increase/(decrease) in current liabilities			
Accrued liabilities		(25,894)	(459,682)
Security deposits		(39,019)	485,127
		130,390	30,142
Exchange (loss) / gain		(38,528)	193,620
Net cash (used in) / generated from operating activities		(841,964)	2,206,044
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(363,800)	(245,681)
Net cash used in investing activities		(363,800)	(245,681)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additions to Endowment fund		1,618,948	800,000
Net cash generated from financing activities		1,618,948	800,000
Net increase in cash and cash equivalents		413,184	2,760,363
Cash and cash equivalents at beginning of the year		11,181,294	8,420,931
Cash and cash equivalents at the end of the year	6	11,594,478	11,181,294

The annexed notes 1 to 12 form an integral part of these financial statements.


TRUSTEE


JAMSHED AKHTER QURESHI EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND OBJECTIVES

Jamshed Akhtar Qureshi Education Trust (The Trust) is a Non Government Organization registered on October, 2000 under the Trust Act (II of) 1882. The head office of the Organization is located in Islamabad.

The objectives of the Organization are to:

- a) Promote literacy and primary education among poor children through a network of informal community based schools;
- b) Safeguard health of poor children;
- c) Enhance access to the formal school system;
- d) Promote awareness building and social mobilization among poor communities towards self-help;
- e) Provide financial assistance to destitute students;
- f) Support programme to enhance income generations skills of girls and women; and
- g) Collaborate/link up with other organization pursuing similar objectives.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Accounting convention

These financial statements have been prepared under historical cost convention and accrual basis of accounting.

2.3 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating Fixed Assets

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged by applying the straight line method whereby the cost of the assets is written off over their estimated useful lives at the rates specified in note 4. Full month's depreciation is charged in the month of addition while no depreciation is charge in the month of disposal.

Major renewals and improvements are capitalized whereas normal repair and maintenance is charged to income and expenditure account as and when incurred. Capital expenditure exceeding Rs. 20,000 & having useful life over one year is capitalized.

Gain or loss on disposal of operating fixed assets during the year is charged to the income and expenditure account.

3.2 Endowment fund

Endowment fund represents amounts received from the trustees or donated exclusively by the donors to the fund. The objective of the fund is to sustain the Trust. The fund is utilized in making investment or to pay for expenditures when the donor fund is insufficient.

3.3 Provision for taxation

The grant income of the Foundation is exempt from tax under clause 2 (36) of the Income Tax Ordinance, 2001. The provision for current taxation is based on other taxable income at the current rates of taxation after taking into account tax credit available, if any, or one percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.B76

3.4 Cash and bank

For the purpose of cash flow statement, cash and cash equivalent comprise of cash in hand, cash with banks in local and foreign currency saving accounts..

3.5 Income recognition

- Donation income is recognized on receipt basis.
- Contribution to school rent/ school income is recognized on accrual basis.
- Income from interest on bank accounts is recognized on accrual basis.
- Restricted grants received for specific purpose are deferred when received and are recognized as income to the extent of actual expenditure incurred.
- The asset received are recorded as deferred income which is recognized as income on a systematic basis over the useful life of the asset.

3.6 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary balance sheet items at year end exchange rates are recognized in profit and loss account.

4 OPERATING FIXED ASSETS

Particulars	C o s t			Rate %	D e p r e c i a t i o n		Book value
	Opening	Additions/ (Disposal)	Closing		Opening	For the year	
JAQ Trust own fund							
Sheds/Steel polls	2,219,219	311,000	2,530,219	10%	844,756	229,697	1,455,766
Furniture and fixture	135,000	40,800	175,800	33%	135,000	11,220	29,580
Computer equipment	268,570	-	268,570	33%	268,570	-	-
Office equipment	14,500	12,000	26,500	33%	14,500	990	11,010
	2,637,289	363,800	3,001,089		1,262,826	241,907	1,496,356
Donor funded							
Motor vehicle	646,000	-	646,000	20%	387,600	129,200	129,200
	646,000	-	646,000		387,600	129,200	129,200
June 30, 2017	3,283,289	363,800	3,647,089		1,650,426	371,107	1,625,556
June 30, 2016	3,037,608	245,681	3,283,289		1,310,864	339,562	1,632,863

4.1 Depreciation has been allocated as follows:

	Note	2017 Rupees	2016 Rupees
Administrative expenses		241,907	210,362
Amortized		129,200	129,200
		371,107	339,562

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	Note	2017 Rupees	2016 Rupees
5 OTHER RECEIVABLES			
Other receivable	5.1	50,000	125,303
Receivable from sale of assets		-	120,000
		<u>50,000</u>	<u>245,303</u>

5.1 This represents loan receivable from an associated party.

	Note	2017 Rupees	2016 Rupees
6 CASH AND BANK BALANCES			
Cash in hand		52,633	26,477
Cash at bank - Saving accounts			
Local currency	6.1	1,756,185	3,013,232
Foreign currency	6.2	9,785,660	8,141,585
		<u>11,594,478</u>	<u>11,181,294</u>

6.1 These carry markup at the rate 2.5 % semi annually (2016: 2.5% semi annually).

6.2 This represents 93,215.58 US Dollars (2016: US Dollars 77,657.24) converted at the rate prevailing at the balance sheet date.

		2017 Rupees	2016 Rupees
7 SECURITY DEPOSITS			
Security Deposits	7.1	<u>446,108</u>	<u>485,127</u>

7.1 This relates to security deposit deducted from the salaries of employees. It includes Rs 13,000 that has been deducted and Rs 52,019 that has been paid / settled during the year.

	Note	2017 Rupees	2016 Rupees
8 ENDOWMENT FUND			
Opening balance		9,816,995	9,016,995
Funds received during the year	8.1	1,618,948	800,000
Closing balance		<u>11,435,943</u>	<u>9,816,995</u>

8.1 It represent funds received from the trustees for specific purposes.

	Note	2017 Rupees	2016 Rupees
9 DEFERRED CAPITAL GRANT			
Opening Balance		258,400	387,600
Amortization for the year	4.1	(129,200)	(129,200)
Closing balance		<u>129,200</u>	<u>258,400</u>
10 ADMINISTRATIVE AND EDUCATIONAL EXPENSES			
Salaries and wages		8,164,988	7,543,699
Book, stationary and teaching aids		1,333,784	447,740
Food supplements		169,399	233,644
Communication expenses		123,050	122,000
Repair and maintenance-infrastructure		181,200	32,425
Rent		668,218	460,980
Events		157,338	224,158
Sports kit		-	45,624
School uniform		114,160	407,665
Utilities		24,815	11,897
Washing and cleaning		28,362	24,016
Staff development & quality enhancement		182,258	67,075
Transportation		546,255	698,380
Legal and other fee		125,305	125,925
Other school operating expenses		75,081	142,674
Depreciation		241,907	210,362
Bank charges		27,567	27,498
		<u>12,163,687</u>	<u>10,825,762</u>

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue by the Board of Trustees of the trust on 02 APR 2018.

12 GENERAL

Figures have been rounded off to the nearest rupee.

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