

JAMSHED AKHTER QURESHI EDUCATION TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
JUNE 30, 2019



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**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



**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, 2019 and the related statement of income and expenditure and the statement of cash flows 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, 2019 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: 18 NOV 2020

  
CHARTERED ACCOUNTANTS

Engagement Partner: Abdul Qadeer

**JAMSHED AKHTER QURESHI EDUCATION TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipments	4	1,552,056	1,547,191
<b>CURRENT ASSETS</b>			
Other receivables	5	40,000	104,470
Tax refund due from government		8,175	8,175
Advance, deposits and prepayments		50,000	50,000
Cash and bank balances	6	27,823,512	20,017,168
		<u>27,921,687</u>	<u>20,179,813</u>
<b>TOTAL ASSETS</b>		<u>29,473,743</u>	<u>21,727,004</u>
<b>LESS :</b>			
<b>NON CURRENT LIABILITIES</b>			
Deferred capital grant	7	16,467	-
<b>CURRENT LIABILITIES</b>			
Accrued liabilities	8	1,113,526	623,067
Security deposits	9	987,927	726,180
Accounts payable		857,532	542,589
		<u>2,958,985</u>	<u>1,891,836</u>
<b>NET ASSETS</b>		<u>26,498,291</u>	<u>19,835,168</u>
<b>REPRESENTED BY:</b>			
General fund		12,604,700	7,822,881
Endowment fund	11	13,893,591	12,012,287
		<u>26,498,291</u>	<u>19,835,168</u>

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

  
**TRUSTEE**

  
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**JAMSHED AKHTER QURESHI EDUCATION TRUST**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<b>INCOME</b>			
Donations	10	18,112,270	17,772,846
School income		1,612,071	1,032,100
Amortization of deferred capital grant		2,533	129,200
Bank profit		114,874	67,846
Exchange gain		4,803,711	2,117,462
		<u>24,645,459</u>	<u>21,119,454</u>
<b>EXPENDITURE</b>			
Administrative and educational expenses	12	19,861,107	14,424,895
Depreciation of donor funded property and equipment	4	2,533	129,200
		<u>19,863,640</u>	<u>14,554,095</u>
Surplus for the year		4,781,819	6,565,359
Surplus brought forward		7,822,881	1,257,522
Surplus carried forward		<u>12,604,700</u>	<u>7,822,881</u>

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

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**JAMSHED AKHTER QURESHI EDUCATION TRUST**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		4,781,819	6,565,359
Adjustments for non cash items:			
Depreciation	4	325,390	432,868
Exchange loss		(4,803,711)	(2,117,462)
Amortization of deferred capital grant	7	(2,533)	(129,200)
		(4,480,854)	(1,813,794)
Surplus before working capital changes		300,965	4,751,565
Changes in working capital:			
(Increase)/decrease in current assets			
Other receivables		64,470	(54,470)
Advances, deposits and prepayments		-	(50,000)
Increase/(decrease) in current liabilities			
Accrued liabilities		490,459	621,806
Security deposits		261,747	280,072
Accounts payable		314,943	542,589
		1,131,619	1,339,997
Exchange gain		4,803,711	2,117,462
Tax paid		-	(8,175)
Net cash generated from operating activities		6,236,295	8,200,849
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(330,255)	(354,503)
Net cash (used in)/generated from investing activities		(330,255)	(354,503)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Additions to endowment fund		1,881,304	576,344
Addition to deferred capital grant		19,000	-
Net cash generated from financing activities		1,900,304	576,344
Net increase in cash and cash equivalents		7,806,344	8,422,690
Cash and cash equivalents at beginning of the year		20,017,168	11,594,478
Cash and cash equivalents at the end of the year	6	27,823,512	20,017,168

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

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**JAMSHED AKHTER QURESHI EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**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 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 Revised Accounting and Financial Reporting Standards for Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountant of Pakistan and Accounting Standards for Not for Profit Organizations (NPOs) 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 Trust's functional and presentation currency.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property and equipment**

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.

### **3.4 Other receivables and deposits**

Receivables originated by the Company are recognized and carried at original billed amounts less any estimated allowance made for doubtful receivables, if any.

An estimate for doubtful receivables is made when collection of the full amount is no longer probable based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when determined to be uncollectable.

### **3.5 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..

### **3.6 Payables and accrued liabilities**

Liabilities for accrued liabilities and other amounts payable 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 Company.

### **3.7 Deferred capital grant**

Deferred capital grant is recognized against capital assets received in donation or against the capital expenses incurred from restricted / unrestricted funds. This is amortized to the stating of income and expenditure on systematic basis in the line with the depreciation charged on respective capital assets.

### 3.8 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.

### 3.9 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.

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#### 4 PROPERTY AND EQUIPMENTS

Description	OWNED					DONOR FUNDED	Total
	Sheds/Steel polls	Office equipment	Furniture & fixtures	Computers and accessories	Vehicles		
----- Rupees -----							

##### Year ended June 30, 2019

Net carrying value basis							
Opening book value	1,527,161	2,265	-	17,765	-	-	1,547,191
Additions during the year	268,255	-	-	43,000	19,000		330,255
Depreciation Charge	(306,237)	(2,265)	-	(14,355)	(2,533)		(325,390)
Closing net book value	1,489,179	-	-	46,410	16,467		1,552,056

##### Gross carrying value basis

##### As at June 30, 2019

Cost	3,130,977	26,500	175,800	333,570	665,000		4,331,847
Accumulated depreciation	(1,641,798)	(26,500)	(175,800)	(287,160)	(648,533)		(2,779,791)
Net book value	1,489,179	-	-	46,410	16,467		1,552,056

##### Year ended June 30, 2018

Net carrying value basis							
Opening book value	1,455,766	11,010	29,580	-	129,200		1,625,556
Additions during the year	332,503	-	-	22,000	-		354,503
Depreciation Charge	(261,108)	(8,745)	(29,580)	(4,235)	(129,200)		(432,868)
Closing net book value	1,527,161	2,265	-	17,765	-		1,547,191

##### Gross carrying value basis

##### As at June 30, 2018

Cost	2,862,722	26,500	175,800	290,570	646,000		4,001,592
Accumulated depreciation	(1,335,561)	(24,235)	(175,800)	(272,805)	(646,000)		(2,454,401)
Net book value	1,527,161	2,265	-	17,765	-		1,547,191

Annual rate of depreciation (%)

10	33	33	33	20
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Note

2018  
Rupees

#### 4.1 Depreciation has been allocated as follows:

Administrative expenses	303,668
Amortization of deferred capital grant	129,200
	432,868

	Note	2019 Rupees	2018 Rupees
<b>5 OTHER RECEIVABLES</b>			
Other receivable	5.1	<u>40,000</u>	<u>104,470</u>

5.1 This represents loan receivable from an associated party.

## 6 CASH AND BANK BALANCES

Cash at bank - Saving accounts			
Local currency	6.1	1,823,117	3,772,615
Foreign currency	6.2	<u>25,982,290</u>	<u>16,234,144</u>
		27,805,407	20,006,759
Cash in hand - local currency		<u>18,105</u>	<u>10,409</u>
		<u>27,823,512</u>	<u>20,017,168</u>

6.1 These carry markup at the rate 2.6 % semi annually (2018: 2.6% semi annually).

6.2 This represents USD 160,731.77 (2018: USD 133,356.64) converted at the rate prevailing at the balance sheet date.

	Note	2019 Rupees	2018 Rupees
<b>7 DEFERRED CAPITAL GRANT</b>			
Balances at beginning of the year		-	129,200
Donations in kind of capital nature received		<u>19,000</u>	<u>-</u>
		19,000	129,200
Less:			
Amortized during the year		<u>(2,533)</u>	<u>(129,200)</u>
Closing balance		<u>16,467</u>	<u>-</u>

## 8 ACCRUED LIABILITIES

Salaries payable	1,112,942	623,067
Withholding tax payable	<u>584</u>	<u>-</u>
	<u>1,113,526</u>	<u>623,067</u>

## 9 SECURITY DEPOSITS

Security Deposits	9.1	<u>987,927</u>	<u>726,180</u>
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9.1 This relates to security deposit deducted from the salaries of employees. During the year an amount of Rs 280,072 has been deducted from salaries.

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	Note	2019 Rupees	2018 Rupees
<b>10 DONATIONS</b>			
Local donation		8,668,270	9,132,558
Foreign donation		9,444,000	8,640,288
		<u>18,112,270</u>	<u>17,772,846</u>

**11 ENDOWMENT FUND**

Opening balance		12,012,287	11,435,943
Funds received during the year	11.1	1,881,304	576,344
Closing balance		<u>13,893,591</u>	<u>12,012,287</u>

11.1 This represents funds received from the trustees for specific purposes.

	Note	2019 Rupees	2018 Rupees
<b>12 ADMINISTRATIVE AND EDUCATIONAL EXPENSES</b>			
Salaries and benefits		13,045,001	9,153,137
Books, stationery and teaching		2,507,512	2,114,539
Food supplements		221,533	144,414
Repair and maintenance		208,537	84,068
Events		312,280	178,440
School uniform		297,832	276,574
Staff development & quality enhancement		132,992	123,400
Transportation		321,730	118,251
Professional and legal		525,110	64,000
School supplies/equipment		177,756	134,628
Office supplies/equipment		150,801	57,360
Rent		1,395,091	1,385,887
Communication expenses		141,820	112,300
Office management		-	33,000
Utilities		98,602	32,552
Bank Charges		-	7,257
Depreciation	4	322,857	303,668
Bad debt written off		900	50,000
Miscellaneous expense		753	51,420
		<u>19,861,107</u>	<u>14,424,895</u>

**13 NUMBER OF EMPLOYEES**

**Total number of employees**

At June 30,

Average during the year

2019 Numbers	2018 Numbers
67	57
<u>68</u>	<u>59</u>

#### 14 REMUNERATION OF CHIEF EXECUTIVE, TRUSTEES AND EXECUTIVES

14.1 The aggregate amounts charged in the accounts for the remuneration including benefits applicable to the chief executive, trustees and executives of the Trust are as follow :

	2019			2018			
	Chief Executive	Trustees	Executives	Total	Chief Executive	Directors	Executive
Managerial remuneration	-	-	-	-	-	-	-
House rent	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Number of persons	1	8	-	9	1	8	-
							9

-----Rupees-----

14.2 No other benefit has been paid to chief executive, trustees and executives.

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15 **CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and reclassified, where as necessary, to facilitate comparisons. However, there was no significant reclassification during the year.

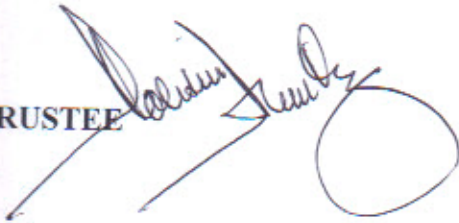
16 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements are authorized for issue by the Board of Trustees of the trust on  
18 NOV 2020

17 **GENERAL**

Figures have been rounded off to the nearest rupee.

TRUSTEE

A handwritten signature in blue ink, consisting of a large, stylized 'O' and a series of loops and strokes.

*in*

A handwritten signature in blue ink, appearing to read 'Munir Ahmad'.

TRUSTEE