

FINANCIAL STATEMENTS OF

**JAMSHED AKHTAR QURESHI
EDUCATION TRUST**

**FOR THE YEAR ENDED
JUNE 30, 2021**



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EDUCATION TRUST**

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of **JAMSHED AKHTAR QURESHI EDUCATION TRUST** ("the Trust"), which comprise of statement of financial position as at June 30, 2021 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, 2021 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.

Advised

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: 26 AUG 2022


CHARTERED ACCOUNTANTS

Engagement Partner: Abdul Qadeer

JAMSHED AKHTAR QURESHI EDUCATION TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipments	4	2,916,841	1,652,335
CURRENT ASSETS			
Tax refund due from government		8,175	8,175
Advance, deposits and prepayments	5	319,803	295,567
Bank balances	6	26,699,803	22,752,451
		27,027,781	23,056,193
TOTAL ASSETS		29,944,622	24,708,528
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred capital grant	7	217,114	13,174
CURRENT LIABILITIES			
Accrued liabilities	8	1,767,327	1,236,396
Accounts payable		160,356	208,932
Other payable	9	1,422,305	1,288,426
		3,349,988	2,733,754
TOTAL LIABILITIES		3,567,102	2,746,928
NET ASSETS		26,377,520	21,961,600
REPRESENTED BY:			
General fund		10,485,929	7,018,009
Endowment fund	10	15,891,591	14,943,591
		26,377,520	21,961,600

The annexed notes from 1 to 20 form an integral part of these financial statements.


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JAMSHED AKHTAR QURESHI EDUCATION TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Donations	11	28,320,804	15,721,643
School income	12	986,095	1,196,920
Amortization of deferred capital grant		21,210	3,293
Other income	13	518,319	194,962
Exchange gain		-	149,957
		<u>29,846,428</u>	<u>17,266,775</u>
EXPENDITURE			
Administrative and educational expenses	14	25,417,610	22,850,173
Depreciation of donor funded property and equipment	4	21,210	3,293
Exchange loss		939,688	-
		<u>26,378,508</u>	<u>22,853,466</u>
Surplus/ (deficit) for the year		3,467,920	(5,586,691)
Surplus brought forward		7,018,009	12,604,700
Surplus carried forward		<u>10,485,929</u>	<u>7,018,009</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.


TRUSTEE

Advised.

TRUSTEE

JAMSHED AKHTAR QURESHI EDUCATION TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/ (deficit) for the year		3,467,920	(5,586,691)
Adjustments for non cash items:			
Depreciation	4	306,967	346,221
Exchange (loss)/ gain		939,688	(149,957)
Amortization of deferred capital grant		(21,210)	(3,293)
		1,225,445	192,971
Surplus/ (Deficit) before working capital changes		4,693,365	(5,393,720)
Changes in working capital:			
(Increase)/decrease in current assets			
Other receivables		-	40,000
Advances, deposits and prepayments		(24,236)	(245,567)
Increase/(decrease) in current liabilities			
Accrued liabilities		530,931	122,870
Security deposits		133,879	300,499
Accounts payable		(48,576)	(648,600)
		591,998	(430,798)
Exchange (loss)/ gain		(939,688)	149,957
Tax paid		-	-
Net cash generated from/(used in) operating activities		4,345,675	(5,674,561)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1,571,473)	(446,500)
Net cash used in investing activities		(1,571,473)	(446,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additions to endowment fund		948,000	1,050,000
Deferred capital grant fund received		225,150	-
Net cash generated from financing activities		1,173,150	1,050,000
Net increase /(decrease) in cash and cash equivalents		3,947,352	(5,071,061)
Cash and cash equivalents at beginning of the year		22,752,451	27,823,512
Cash and cash equivalents at the end of the year	6	26,699,803	22,752,451

The annexed notes from 1 to 20 form an integral part of these financial statements.


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TRUSTEE

JAMSHED AKHTAR QURESHI EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 reducing balance 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 and 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.

Income of the trust other than surplus funds as defined in Sub-section 1A of section 100C is not subject to tax as 100% tax credit is available u/s 100C of Income Tax Ordinance, 2001. Surplus funds of trust as defined in Sub-Section 1A of Section 100C of Income Tax Ordinance, 2001 are subject to tax at the rate of 10%.

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

Income of the trust other than surplus funds as defined in Sub-section 1A of section 100C is not subject to tax as 100% tax credit is available u/s 100C of Income Tax Ordinance, 2001. Surplus funds of trust as defined in Sub-Section 1A of Section 100C of Income Tax Ordinance, 2001 are subject to tax at the rate of 10%.

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 capital grant 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 PROPERTY AND EQUIPMENTS

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

Year ended June 30, 2021

Net carrying value basis

Opening book value	1,582,191	25,875	-	31,095	-	13,174	1,652,335
Additions during the year	29,370	342,103	-	974,850	225,150	-	1,571,473
Depreciation Charge	(160,667)	(34,403)	-	(90,687)	(18,575)	(2,635)	(306,967)
Closing net book value	1,450,894	333,575	-	915,258	206,575	10,539	2,916,841

Gross carrying value basis

As at June 30, 2021

Cost	3,576,847	398,603	175,800	1,308,420	225,150	665,000	6,349,820
Accumulated depreciation	(2,125,953)	(65,028)	(175,800)	(393,162)	(18,575)	(654,461)	(3,432,979)
Net book value	1,450,894	333,575	-	915,258	206,575	10,539	2,916,841

Year ended June 30, 2020

Net carrying value basis

Opening book value	1,489,179	-	-	46,410	-	16,467	1,552,056
Additions during the year	416,500	30,000	-	-	-	-	446,500
Depreciation Charge	(323,488)	(4,125)	-	(15,315)	-	(3,293)	(346,221)
Closing net book value	1,582,191	25,875	-	31,095	-	13,174	1,652,335

Gross carrying value basis

As at June 30, 2020

Cost	3,547,477	56,500	175,800	333,570	-	665,000	4,778,347
Accumulated depreciation	(1,965,286)	(30,625)	(175,800)	(302,475)	-	(651,826)	(3,126,012)
Net book value	1,582,191	25,875	-	31,095	-	13,174	1,652,335

Annual rate of depreciation (%)

10 33 33 33 33 20

Note	2021 Rupees	2020 Rupees
7	21,210	3,293
14	285,757	342,928
	306,967	346,221

4.1 Depreciation has been allocated as follows:

Amortization of deferred capital grant

Administrative expenses

	Note	2021 Rupees	2020 Rupees
5 ADVANCE, DEPOSITS AND PREPAYMENTS			
Advance to staff against salary		45,000	30,900
Security deposit - against rent		50,000	50,000
Prepaid rent		223,493	214,667
Others		1,310	-
		<u>319,803</u>	<u>295,567</u>

6 BANK BALANCES

Cash at bank - saving accounts			
Local currency		13,914,992	9,033,138
Foreign currency		12,784,811	13,719,313
	6.1	<u>26,699,803</u>	<u>22,752,451</u>
6.1 These carry an average markup at the rate 0.01% to 4.4% semi annually (2020: 2.25% to 5% semi annually).			

	Note	2021 Rupees	2020 Rupees
7 DEFERRED CAPITAL GRANT			
Balances at beginning of the year		13,174	16,467
Donations in kind of capital nature received		225,150	-
		<u>238,324</u>	<u>16,467</u>
Less:			
Amortized during the year		(21,210)	(3,293)
Closing balance		<u>217,114</u>	<u>13,174</u>

8 ACCRUED LIABILITIES

Salaries payable		1,750,107	1,231,146
Withholding tax payable		17,220	5,250
		<u>1,767,327</u>	<u>1,236,396</u>

9 OTHER PAYABLE

Security deposit	9.1	<u>1,422,305</u>	<u>1,288,426</u>
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- 9.1 This represents amount deducted from the salaries of employees payable at the time of resignation of employees held as security. During the year, an amount of Rs. 199,611 has been paid to employees.

	Note	2021 Rupees	2020 Rupees
10 ENDOWMENT FUND			
Opening balance		14,943,591	13,893,591
Funds received during the year		948,000	1,050,000
Closing balance		<u>15,891,591</u>	<u>14,943,591</u>

11 DONATIONS

Local donation		10,055,602	9,852,143
Foreign donation	11.1	18,265,202	5,869,500
		<u>28,320,804</u>	<u>15,721,643</u>

11.1 This represents funds received from Pehli Kiran schools USA for the purpose of provision of high quality and low cost education to poor communities in Pakistan.

	Note	2021 Rupees	2020 Rupees
12 SCHOOL INCOME			
Monthly school fee collected		899,595	1,173,370
Admission fee collected		50,750	23,550
Computer center fee		3,900	-
Stitching center		26,250	-
English center		5,600	-
		<u>986,095</u>	<u>1,196,920</u>

13 OTHER INCOME

Profit on bank deposit		347,285	194,962
Liabilities written back	13.1	171,034	-
		<u>518,319</u>	<u>194,962</u>

13.1 This represents security deposit deducted from salaries of employees not repaid due to not serving adequate notice period at the time of resignation, has been written off during the year.

below.

	Note	2021 Rupees	2020 Rupees
14 ADMINISTRATIVE AND EDUCATIONAL EXPENSES			
Salaries and benefits		16,899,435	16,790,279
Books, stationery and teaching		2,852,950	375,046
Food supplements		155,474	194,429
Repair and maintenance		154,838	93,015
Events		37,800	55,370
School uniform		49,440	553,710
Staff development and quality enhancement		187,363	331,934
Transportation		345,348	344,055
Professional and legal		259,300	819,050
School supplies/equipment		414,870	402,767
Office supplies/equipment		84,080	205,200
Rent		2,034,107	1,659,491
Communication expenses		41,150	114,200
Utilities		225,641	175,763
Bank charges		169,167	75,981
Depreciation	4	285,757	342,928
Bad debt written off		-	1,175
Ration distribution	14.1	912,939	250,000
Scholarship expense		282,746	65,780
PKL suppllies & equipment		25,205	-
		<u>25,417,610</u>	<u>22,850,173</u>

14.1 This represents food items distributed by the Trust to families of deserving students of JAQ Trust, in Covid-19 lockdown period.

15 NUMBER OF EMPLOYEES

The number of employees as at year end were 83 (2020: 75) and average number of employees during the year were 78 (2020: 73).

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16 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

16.1 The aggregate amounts charged in the accounts for the remuneration including benefits applicable to the chief executive and directors of the Company are as follow :

2021				2020			
Managing Trustee	Trustees	Executives	Total	Managing Trustee	Trustees	Executive	Total
-----Rupees-----							
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	7	-	8	1	7	-	8

16.2 No remuneration or benefits have been paid to Managing trustee and trustees.
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17 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.

19 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue by the Board of Trustees of the trust on 26 AUG 2022

20 GENERAL

Figures have been rounded off to the nearest rupee.

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TRUSTEE



TRUSTEE

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