

Moawin Foundation

*Financial Statements*

*For the year ended June 30, 2017*



## AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **MOAWIN FOUNDATION (the Association)** as at June 30, 2017 and the related income and expenditure account, statement of cash flows and statement of changes in accumulated fund together with the notes forming apart thereof, for the year then ended and we state that we obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Association's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Association as required by the repealed Companies Ordinance, 1984;
- (b) in our opinion:
  - i. the statement of financial position and income and expenditure account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii. the expenditure incurred during the period was for the purpose of Association 's business; and
  - i. the business conducted and the expenditure incurred during the year were in accordance with the objects of the Association.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure account, statement of cash flows and statement of changes in accumulated fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, given the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Association 's affairs as at June 30, 2017 and of the excess of income over expenditure, its cash flows and changes in accumulated fund for the year then ended.
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Islamabad  
Dated:

*Danish Mehmood*  
**Danish Mehmood & Co.**  
Chartered Accountants  
Danish Mehmood



MOAWIN FOUNDATION  
FINANCIAL STATEMENTS

BALANCE SHEET  
AS AT JUNE 30, 2017

	NOTE	2017 Rupees	2016 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	1,836,000	5,125,437
		<b>1,836,000</b>	<b>5,125,437</b>
<b>CURRENT ASSETS</b>			
Advance tax		-	145,252
Short term investment	6	10,000,000	10,000,000
Accrued mark-up on TDRs		117,025	-
Cash and bank balances	7	2,502,473	349,221
		<b>12,619,498</b>	<b>10,494,473</b>
<b>CURRENT LIABILITIES</b>			
Payable to Chief Executive	8	(300,000)	(1,300,000)
Trade and other payables	9	(40,000)	(105,000)
		<b>(340,000)</b>	<b>(1,405,000)</b>
<b>NET ASSETS</b>		<b>14,115,498</b>	<b>14,214,910</b>
<b>REPRESENTED BY:</b>			
Accumulated Fund		<b>14,115,498</b>	<b>14,214,910</b>
<b>Contingencies and Commitments</b>	10		

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

CHIEF EXECUTIVE

DIRECTOR

MOAWIN FOUNDATION  
FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
<b>INCOME</b>			
Donation/Grants		7,233,141	4,656,526
Profit on fixed deposits		649,491	768,493
		<u>7,882,632</u>	<u>5,425,019</u>
<b>EXPENDITURE</b>			
Program activities	12	7,535,894	2,430,552
Administrative and general expenses	13	235,185	30,000
Withholding taxes		210,152	-
Financial charges	14	812	816
		<u>7,982,043</u>	<u>2,461,368</u>
<b>(Deficit)/Surplus for the year</b>		<u><b>(99,412)</b></u>	<u><b>2,963,651</b></u>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

MOAWIN FOUNDATION  
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STATEMENT OF CHANGES IN ACCUMULATED FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 <u>(Rupees)</u>	2016 <u>(Rupees)</u>
Balance at beginning of the year	14,214,910	11,251,259
(Deficit)/Surplus for the year	<u>(99,412)</u>	<u>2,963,651</u>
<b>Balance at end of the year</b>	<b><u>14,115,498</u></b>	<b><u>14,214,910</u></b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017

	2017 (Rupees)	2016 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Deficit)/Surplus for the year	(99,412)	2,963,651
<b>Adjustment for non-cash items:</b>		
Depreciation	1,230,675	406,338
Transfer of property and equipment to expenditures	3,761,068	-
	4,892,331	3,369,989
<b>Working Capital Changes</b>		
Decrease/(Increase) in advance tax	145,252	(130,129)
Decrease/(Increase) in accrued mark-up	(117,025)	-
(Decrease)/Increase in payable to Chief Executive	(1,000,000)	300,000
(Decrease)/Increase in trade and other payables	(65,000)	75,000
	(1,036,773)	244,871
<b>Net cash flow from operating activities</b>	<b>3,855,557</b>	<b>3,614,860</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in property, plant and equipment	(1,702,305)	(3,695,775)
<b>Net cash flow from investing activities</b>	<b>(1,702,305)</b>	<b>(3,695,775)</b>
Increase/(decrease) in cash and cash equivalents during the year	2,153,252	(80,915)
Cash and cash equivalents at the beginning of the year	349,221	430,136
<b>Cash and cash equivalents at the end of the year</b>	<b>2,502,473</b>	<b>349,221</b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR

**MOAWIN FOUNDATION  
FINANCIAL STATEMENTS**

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

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**1 THE FOUNDATION AND ITS OPERATIONS**

Moawin Foundation (the Association) was incorporated on October 23, 2014, as an association not for profit under section 42 of the Companies Ordinance, 1984. The registered office of the Association is situated at House No. B-9, Navy Housing Scheme, F-11/1, Islamabad. The main objective of the Association is to improve standard of education/training at government schools and to employ good teachers, train them and make them teach well and arrange vocational training for boys and girls in rural areas of Pakistan.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of the Accounting and Financial Reporting Standard (AFRS) for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the repealed Companies Ordinance, 1984 (now the Companies Act 2017). In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, shall prevail.

**3 BASIS OF PREPARATION**

These financial statements are prepared under the historical cost convention and by following accrual basis of accounting. Further, the financial statements are prepared on a going concern basis, which assumes that the Association will continue in operational existence for the foreseeable future.

**4 SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Overall considerations**

The significant accounting policies summarised below have been used in the preparation of these financial statements and are consistent with those used in the previous year.

These financial statements are prepared using the measurement bases specified by AFRS for SSEs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

**4.2 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Association operates. These financial statements are presented in Pak Rupees, which is the Association's functional and presentation currency.

**4.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

**4.4 Investments**

Investments with fixed or determinable payments and fixed maturity, which the Association has the positive intent and ability to hold to maturity, are carried at amortised cost, using the effective interest rate method less impairment losses, if so determined.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

4.4 **Property & Equipment**

These are stated at cost less accumulated depreciation. Non current assets are depreciated by applying straight line method. Full month's depreciation is charged on additions while no depreciation is charged for the month in which the item is derecognized.

Normal repair and maintenance is charged to expenses as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of non current assets are taken to income & expenditure account.

4.5 **Donation Income**

Income from donations is recognised where there is reasonable assurance that the donation will be received and all attached conditions, if any, will be complied with.

4.6 **Taxation**

The Association is a non-profit organization and is exempt under section 100(C) of the Income Tax Ordinance, 2001.

5 **PROPERTY & EQUIPMENT**

Description	Land	Solar System	Computers	Total
	Rupees	Rupees	Rupees	Rupees
<b>2016</b>				
<b>Cost</b>				
Balance at Jul 1, 2015	1,836,000	-	-	1,836,000
Additions/deletions	-	3,131,475	564,300	3,695,775
Balance at June 30, 2016	1,836,000	3,131,475	564,300	5,531,775
<b>Accumulated depreciation</b>				
Balance at Jul 1, 2015	-	-	-	-
Charge for the year	-	(390,662)	(15,676)	(406,338)
Balance at June 30, 2016	-	(390,662)	(15,676)	(406,338)
<b>Net book value</b>	<b>1,836,000</b>	<b>2,740,813</b>	<b>548,624</b>	<b>5,125,437</b>
<b>2017</b>				
<b>Cost</b>				
Balance at Jul 1, 2016	1,836,000	3,131,475	564,300	5,531,775
Additions/deletions	-	1,702,305	-	1,702,305
Adjustment/transfer (Note 5.1)	-	(4,833,780)	(564,300)	(5,398,080)
Balance at June 30, 2017	1,836,000	-	-	1,836,000
<b>Accumulated depreciation</b>				
Balance at Jul 1, 2016	-	(390,662)	(15,676)	(406,338)
Charge for the year	-	(1,042,576)	(188,099)	(1,230,675)
Adjustment/transfer (Note 5.1)	-	1,433,238	203,775	1,637,013
Balance at June 30, 2017	-	-	-	-
<b>Net book value</b>	<b>1,836,000</b>	<b>-</b>	<b>-</b>	<b>1,836,000</b>
Depreciation rates	<b>0%</b>	<b>10% and 33%</b>	<b>33%</b>	

**MOAWIN FOUNDATION  
FINANCIAL STATEMENTS**

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

**5.1** The Board of Directors resolved in their meeting to donate solar systems and computers to the schools where these were installed, effective from June 30, 2017. The decision is taken as the essence of procurement of these items was the welfare of the students of these schools. None of the directors have any personal interest in the schools which are donated with these assets.

**6** This represents Term Deposit Receipt (TDR) having one year maturity period and yield of 6.49% (2016: 7.68%) receivable on quarterly basis.

	Note	<u>2017</u> <u>(Rupees)</u>	<u>2016</u> <u>(Rupees)</u>
<b>7 CASH AND BANK BALANCES</b>			
Cash in hand		33,959	81,805
Cash at bank - Current Account		<u>2,468,514</u>	<u>267,416</u>
		<u>2,502,473</u>	<u>349,221</u>

**8 PAYABLE TO CHIEF EXECUTIVE**

Payable to Chief Executive - unsecured	8.1	<u>300,000</u>	<u>1,300,000</u>
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**8.1** This does not carry any interest and is repayable on demand.

	Note	<u>2017</u> <u>(Rupees)</u>	<u>2016</u> <u>(Rupees)</u>
<b>9 TRADE AND OTHER PAYABLES</b>			
Accrued expenses		<u>40,000</u>	<u>105,000</u>

**10 CONTINGENCIES AND COMMITMENTS**

There are no significant contingencies and commitments as of the reporting date.

**11 DONATION/GRANTS**

The donations are received from various individuals and institutions without any restrictions.

MOAWIN FOUNDATION  
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
<b>12</b>	<b>PROGRAM ACTIVITIES - SCHOOLS</b>		
Salaries and benefits		1,998,694	1,253,252
Repair and maintenance		268,105	78,230
Solar systems	5.1	3,400,542	-
Computers	5.1	360,525	-
School supplies		-	28,651
Electric Supplies		-	6,960
Telephone and petrol charges		55,200	32,000
Printing and stationery		31,017	13,293
Postage and communication		3,548	1,460
Entertainment		91,522	43,990
Shoes for students		-	119,368
Uniform for students		-	215,582
Construction activities		-	223,428.00
Sewing machine for students		-	8,000
Teachers training		84,666	-
Travelling expenses		11,400	-
Depreciation		1,230,675	406,338
		<u>7,535,894</u>	<u>2,430,552</u>
<b>13</b>	<b>OPERATING EXPENSES</b>		
Fees and subscription		10,525	-
Auditor's remuneration		50,000	30,000
Others		174,660	-
		<u>235,185</u>	<u>30,000</u>
<b>14</b>	<b>FINANCIAL CHARGES</b>		
Bank service charges		812	816
		<u>812</u>	<u>816</u>
<b>15</b>	<b>REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE</b>		
	No remuneration was paid to the Directors and Chief Executive of the Association during the year.		
<b>16</b>	<b>DATE OF AUTHORIZATION FOR ISSUE</b>		
	These financial statements were authorized for issue by the Board of Directors in their meeting held on <u>September 23, 2017</u>		

MOAWIN FOUNDATION  
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

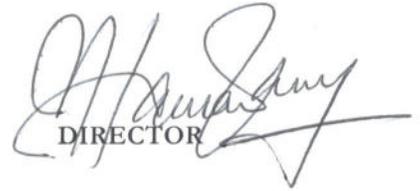
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17 GENERAL

Figures have been rounded off to the nearest rupee.  
Corresponding figures have been rearranged where necessary.



CHIEF EXECUTIVE



DIRECTOR

Date

**Danish Mehmood & Co.**  
Office # 3, First Floor,  
Warraich Plaza, I-9 Markaz,  
Islamabad.

Dear Sirs,

**AUDIT OF MOAWIN FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

We are providing this letter in connection with your audit of the balance sheet of **Moawin Foundation** (the Association) as at **June 30, 2017**, the related income and expenditure account, statement of cash flows and statement of changes in accumulated fund together with the notes forming apart thereof, for the year then ended, (hereinafter referred to as the "financial statements") for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, its income and changes in accumulated fund of the Association in conformity with the Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, its income and changes in accumulated fund in conformity with the Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs). In particular financial statement presented fairly in all material respect in accordance therewith. We also confirm our responsibility to establish and maintain effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of \_\_\_\_\_, the following representations made to you during your audit.

1. The financial statements referred to above have been prepared and are fairly presented in conformity with the Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs).
2. There have been no communications from regulatory agencies and tax authorities concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the set of financial statements. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

3. There are no significant deficiencies, including material weaknesses, in the design or operation of internal control over financial reporting of which we are aware that could adversely affect the Association's ability to record, process, summarize, and report financial data.
4. The Association has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
5. We confirm that the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Association and transactions of the Association were within the powers of the Association. We further confirm that all transactions entered during the year have been approved at appropriate levels according to materiality levels approved by the Board of Directors.
6. Funds received during the year as donations were for not ~~for~~ any specific purpose and therefore not classified as restricted funds.
7. All the funds received by the Association during the period under audit is/shall be applied for the welfare activities and according to the terms and conditions mentioned in the licence issued by the Securities and Exchange Commission of Pakistan.
8. There are no undisclosed guarantees, whether written or oral, under which the Association is contingently liable.
9. There are no:
  - a. violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency; and
  - b. other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
10. The Association has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance, except as disclosed in the financial statements and discussed with you.
11. We confirm that:
  - a) We understand that the term "fraud" includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriations of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements or omissions of amounts or disclosures in set of financial statements to deceive financial statement users. Misstatements resulting from misappropriation of assets involve the theft of an entity's assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing.
  - b) We acknowledge responsibility for the implementation and operation of accounting and internal control systems designed to prevent and detect fraud and error.

- c) We have disclosed to you the results of our assessment of the risks that the set of financial statements may be materially misstated as a result of fraud.
- d) There have been no instances of frauds or suspected frauds that may have affected the Association.
- e) We have no knowledge of any allegations of fraud or suspected fraud affecting the Association, which received in communications from employees, former employees, analysts, regulators, short sellers, or others.
- f) There have been no irregularities involving management or employees who have a significant role in the accounting and internal control system or that could have a material effect on the set of financial statements.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements.

Very truly yours,

**Moawin Foundation**

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Chief Executive

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Director