

**ALIF NOON PARENTS FOUNDATION
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ALIF NOON PARENTS FOUNDATION** (the Company) as at June 30, 2017 and the related profit and loss account and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company'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 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 account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit and its cash flows for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Engagement partner: Osman Hameed Chaudhri

04 OCT 2017
LAHORE;

**Alif Noon Parents Foundation
Balance Sheet
As at June 30, 2017**

	Note	2017 Rupees	Re-stated 2016 Rupees	Re-stated 2015 Rupees
Non-Current Assets				
Property, plant and Equipment	6	18,396,092	18,023,415	11,000,000
Intangible assets	7	30,555	47,222	-
		<u>18,426,647</u>	<u>18,070,637</u>	<u>11,000,000</u>
Current Assets				
Inventories	8	258,519	332,400	-
Advance and other receivables	9	774,722	14,270	-
Tax deducted at source		403,543	53,356	-
Cash and bank balances	10	83,749,818	35,413,579	8,776,808
		<u>85,186,602</u>	<u>35,813,605</u>	<u>8,776,808</u>
Current Liabilities				
Trade and other payables	11	2,864,496	584,127	50,000
		<u>82,322,106</u>	<u>35,229,478</u>	<u>8,726,808</u>
Total Assets less Current Liabilities		<u>100,748,753</u>	<u>53,300,115</u>	<u>19,726,808</u>
Non-Current Liability				
Students security deposits		403,000	240,000	-
Deferred income relating to fixed capital expenditure		80,060,808	36,552,728	-
Contingencies and Commitments	13			
Capital Employed		<u>20,284,945</u>	<u>16,507,387</u>	<u>19,726,808</u>
Represented by:				
Funds and Reserves				
Capital Fund		3,000,000	3,000,000	3,000,000
General Fund		17,284,945	13,507,387	16,726,808
		<u>20,284,945</u>	<u>16,507,387</u>	<u>19,726,808</u>

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


Chief Executive

SHC


Director

**Alif Noon Parents Foundation
Income & Expenditure Account
For the year ended June 30, 2017**

	Note	2017 Rupees	Re-stated 2016 Rupees
Income	14	13,499,715	5,252,526
Operating expenses	15	(12,465,286)	(9,341,907)
Operating surplus / (deficit)		1,034,429	(4,089,381)
Other income	16	2,745,641	872,472
		3,780,070	(3,216,909)
Bank charges		(2,512)	(2,512)
Surplus / (deficit) for the year		3,777,558	(3,219,421)

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


Chief Executive


Director

SHC

Alif Noon Parents Foundation
Cash Flow Statement
For the year ended June 30, 2017

	2017 Rupees	2016 Rupees
Cash flow from operating activities		
Surplus / (deficit) for the year	3,777,558	(3,219,421)
Adjustments for non-cash charges and other items:		
Depreciation	1,792,420	1,182,706
Amortisation	16,667	2,778
Finance cost	2,512	2,512
Surplus / (deficit) before working capital changes	5,589,157	(2,031,425)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Inventories	73,881	(332,400)
Advance and other receivables	(760,452)	(14,270)
Increase in trade and other payables	2,280,369	534,127
	1,593,798	187,457
Cash generated from / (used in) operations	7,182,955	(1,843,968)
Income tax paid	(350,187)	(53,356)
Students security deposits received	163,000	240,000
Deferred income relating to fixed capital expenditure	43,508,080	36,552,728
Net cash generated from operating activities	50,503,848	34,895,404
Cash flow from investing activities		
Operating fixed assets	(2,165,097)	(8,206,121)
Intangible assets - purchased	-	(50,000)
Net cash used in investing activities	(2,165,097)	(8,256,121)
Net cash flow from financing activities		
Finance cost paid	(2,512)	(2,512)
Net increase in cash and cash equivalents	48,336,239	26,636,771
Cash and cash equivalents - at beginning of the year	35,413,579	8,776,808
Cash and cash equivalents - at end of the year	83,749,818	35,413,579

Chief Executive

SHC

Director

Alif Noon Parents Foundation
Statement of Changes in Funds & Reserves
For the year ended June 30, 2017

	Capital Fund	General Fund	Surplus of Income over expenditure	Total
	----- Rupees -----			
Balance as at July 01, 2015 (as previously reported)	-	-	19,726,808	19,726,808
Effect of retrospective restatement	3,000,000	16,726,808	(19,726,808)	-
Balance as at July 01, 2015 - as re-stated	3,000,000	16,726,808	-	19,726,808
Deficit due to excess of expenditure over income for the year - re-stated	-	-	(3,219,421)	(3,219,421)
Transfer from general fund	-	(3,219,421)	3,219,421	-
Balance as at June 30, 2016	3,000,000	13,507,387	-	16,507,387
Surplus of income over expenditure for the year	-	-	3,777,558	3,777,558
Transfer of surplus for the year to general fund	-	3,777,558	(3,777,558)	-
Balance as at June 30, 2016	3,000,000	17,284,945	-	20,284,945

The annexed notes 1 to 11 form an integral part of these financial statements.


Chief Executive

SHC


Director

Alif Noon Parents Foundation
Notes to The Financial Statements
For the year ended June 30, 2017

1. LEGAL STATUS AND ITS OPERATIONS

Alif Noon Parents Foundation (the Company) was incorporated in Pakistan on March 27, 2015 as a Company limited by Guarantee and not having share capital set up under Section 42 of the Companies Ordinance, 1984 (the Ordinance). The principal objectives of the Company are to promote and establish educational institutions.

The Company's first project, KPSS Secondary School - Saigolabad, which started its operations on March 21, 2016, is managed by The Makkah Foundation, a society registered under the Societies Registration Act, 1860.

2. BASIS OF PREPARATION

2.1 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 Accounting and Financial Reporting Standards for Small-Sized Entities and Accounting standard for Non Profit Organisation (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest Rupee.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

3.1 Operating fixed assets

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicator of impairment is identified.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below.

4.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in 6. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of operating fixed assets, if any, is taken to profit and loss account.

4.2 Intangible assets and amortisation thereon

Expenditures incurred to acquire computer software and website development are capitalised as intangible assets and stated at cost less accumulated amortisation. Amortisation is taken to profit and loss account applying straight-line method to amortise the cost of intangible assets over their estimated useful life. Rate of amortisation is stated in note 7.

4.3 Inventories

These are valued at average cost.

Any receipt from the students against issued inventory items are net off with store consumptions and net amount is taken to profit and loss account.

4.4 Receivables

Receivables are carried at original fee bill amounts less an estimate for doubtful receivables based on review of outstanding amounts at the period-end. Doubtful receivable balances are written-off when identified.

4.5 Cash and cash equivalents

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

4.6 Trade and other payables

Liabilities for creditors, accruals and other payables 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.

4.7 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable 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 obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.8 Taxation

The Company is Non Profit Organisation under the definition of section 2(36)(c) of the Income Tax Ordinance, 2001 and its income is exempt from tax under section 100C of the Income Tax Ordinance, 2001.

4.8 Revenue recognition

- Donations for school operations are recognised as income on receipt basis.
- Specific donations related to fixed capital expenditure e.g. for building schools, received in cash, are recognised as deferred income and amortized over the useful lives of assets.
- Tuition fees are recognised when the services are rendered and the related fees from students are received.
- Registration fees are recognised on 'receipt basis'.
- Return on bank deposits and other income are accounted for on 'receipt basis'.

5. RE-STATEMENT OF FINANCIAL STATEMENTS

The financial statements of the Company has been re-stated due to the following reasons:

- An amount of Rs.4 million which was given as an advance to the contractor for construction of school building was wrongly capitalised during the preceding financial year. This amount has been reclassified from fixed assets to capital work in progress. Depreciation charge related to said amount has also been reversed. (note 5)
- An amount of Rs.3 million been reclassified as capital reserve; being the initial contribution by the subscribers to the memorandum.
- Specific donations related to capital expenditure amounted Rs.37.735 million have been reclassified as deferred income. This amount was wrongly treated as regular donations in the preceding financial year. (note 11)

6. PROPERTY, PLANT & EQUIPMENTS

	Note	2017 Rupees	Re-stated 2016 Rupees
Operating fixed assets	6.1	14,396,092	14,023,415
Capital work-in-progress - advance for building improvements on leasehold land	6.2	4,000,000	4,000,000
		<u>18,396,092</u>	<u>18,023,415</u>

6.1 Operating fixed assets

	Leasehold Building improvements	Generator	Computers and appliances	Office equipments	Electric installations	Furniture and fixtures	Books and periodicals	Laboratory equipments	Arms and Ammunations	Vehicles	Total
----- Rupees -----											
Cost											
Balance as at July 01, 2015	-	-	-	-	-	-	-	-	-	-	-
Additions during the year	2,594,349	2,023,000	960,670	1,034,353	336,759	4,426,142	184,598	-	-	3,646,250	15,206,121
Balance as at June 30, 2016	2,594,349	2,023,000	960,670	1,034,353	336,759	4,426,142	184,598	-	-	3,646,250	15,206,121
Depreciation											
Balance as at July 01, 2015	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	174,059	185,442	85,614	84,725	19,500	334,233	12,988	-	-	286,145	1,182,706
Balance as at June 30, 2016	174,059	185,442	85,614	84,725	19,500	334,233	12,988	-	-	286,145	1,182,706
Cost											
Balance as at July 01, 2016	2,594,349	2,023,000	960,670	1,034,353	336,759	4,426,142	184,598	-	-	3,646,250	15,206,121
Additions during the year	1,147,137	-	720,000	14,500	102,800	18,500	31,710	27,241	103,209	-	2,165,097
Balance as at June 30, 2017	3,741,486	2,023,000	1,680,670	1,048,853	439,559	4,444,642	216,308	27,241	103,209	3,646,250	17,371,218
Depreciation											
Balance as at July 01, 2016	174,059	185,442	85,614	84,725	19,500	334,233	12,988	-	-	286,145	1,182,706
Charge for the year	258,615	183,756	105,506	96,080	35,668	409,654	18,941	568	11,611	672,021	1,792,420
Balance as at June 30, 2017	432,674	369,198	191,120	180,805	55,168	743,887	31,929	-	-	958,166	2,975,126
Book value as at											
June 30, 2016	2,420,290	1,837,558	875,056	949,628	317,259	4,091,909	171,610	-	-	3,360,105	14,023,415
Book value as at											
June 30, 2017	3,308,812	1,653,802	1,489,550	868,048	384,391	3,700,755	184,379	27,241	103,209	2,688,084	14,396,092
Depreciation rate (%)	10	10	10	10	10	10	10			20	

6.2	This represented advance given to contractor for construction of school building. As the work is in process the amount was wrongly capitalised in the preceding financial year. This error has now been rectified by making adjustment to carrying amount of assets.			
7.	INTANGIBLE ASSETS - Website		2017	2016
			Rupees	Rupees
	Opening balance		47,222	-
	Additions during the year		-	50,000
	Less: amortisation charge for the year		16,667	2,778
	Book value as at June 30 ,		<u>30,555</u>	<u>47,222</u>
7.1	Amortisation is charged to income applying the straight-line method at the rate of 33.33% per annum.			
8.	INVENTORIES		2017	2016
		Note	Rupees	Rupees
	Syllabus books		50,215	179,525
	Stationery		78,060	24,980
	Uniforms		130,244	127,895
			<u>258,519</u>	<u>332,400</u>
9.	ADVANCE AND OTHER RECEIVABLES			
	- Unsecured, considered good			
	Advance to suppliers		760,787	-
	Receivable from students		13,935	-
	Advance to employee		-	3,353
	Others		-	10,917
			<u>774,722</u>	<u>14,270</u>
10.	CASH AND BANK BALANCES			
	Cash-in-hand		786,950	608,528
	Cash at bank on:			
	- saving accounts	10.1	18,962,868	5,805,051
	- term deposit receipts	10.2	64,000,000	29,000,000
			<u>83,749,818</u>	<u>35,413,579</u>
10.1	These carry profit at the rates ranging from 3% to 3.5% (2016: 4.5% to 6%) per annum.			
10.2	These carry profit at the rates ranging from 4% to 6.35% (2016: 6.25% to 6.50%) per annum.			
11.	TRADE AND OTHER PAYABLES		2017	2016
			Rupees	Rupees
	Creditors		291,445	13,415
	Bestway Foundation		2,000,000	-
	Accrued expenses		423,051	424,091
	Tax deducted at source		-	9,530
	Other payables		150,000	137,091
			<u>2,864,496</u>	<u>584,127</u>

12. DEFERRED INCOME RELATING TO
FIXED CAPITAL EXPENDITURE

	2017 Rupees	Re-stated 2016 Rupees
Opening balance	36,552,728	-
Add: donations received during the year	45,300,500	37,735,434
	<u>81,853,228</u>	<u>37,735,434</u>
Less: amortization of income (depreciation for the year)	(1,792,420)	(1,182,706)
	<u>80,060,808</u>	<u>36,552,728</u>

12.1 These represent specific donations received for capital expenditure on the Company's project - KPSS Secondary School.

13. CONTINGENCIES AND COMMITMENTS

There were no significant contingencies and commitments as at June 30, 2017 and June 30, 2016.

14. INCOME

	Note	2017 Rupees	Re-stated 2016 Rupees
From donations:			
- received from a director	14.1	7,253,885	2,667,700
From project:			
- tuition fee		3,890,910	1,134,020
- registration fee		11,500	14,100
- annual dues		423,000	254,000
- admission fee		128,000	-
		<u>4,453,410</u>	<u>1,402,120</u>
Amortization of deferred income	12	1,792,420	1,182,706
		<u>13,499,715</u>	<u>5,252,526</u>

14.1 This represents donation received from Mr. Ashraf Nawabi (Director of the Company).

15. OPERATING EXPENSES

	Note	2017 Rupees	2016 Rupees
Salaries and benefits		7,105,922	2,709,138
Repair and maintenance		580,782	567,044
Power and fuel		926,901	479,415
Travelling and conveyance		126,828	87,740
Communication		98,649	106,915
Rent rate and taxes		161,518	298,130
Printing and stationery		168,532	385,620
Legal and professional charges		6,100	27,500
Advertisement		47,890	1,490,816
Depreciation	6	1,792,420	1,182,706
Amortisation	7	16,667	2,778
Auditors' remuneration		125,000	75,000
Students relief		387,000	32,800
Others		921,077	1,896,305
		<u>12,465,286</u>	<u>9,341,907</u>

16. OTHER INCOME

	2017 Rupees	2016 Rupees
Profit on term deposit receipts	2,108,897	474,166
Profit on saving accounts	334,412	189,985
Net income from the sale of syllabus books	8,832	42,391
Transportation fee received from students	293,500	165,930
	<u>2,745,641</u>	<u>872,472</u>

17. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings, its directors and key management personnel. No transactions were executed during the year except for the receipt of donations from one of the Company's director as stated in note 14 to the financial statements.

18. NUMBER OF EMPLOYEES

	2017	2016
Number of employees as at June 30,	<u>37</u>	<u>26</u>
Average number of employees during the year / period	<u>32</u>	<u>20</u>

19. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **04 OCT 2017** by the board of directors of the Company.

20. FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.



Chief Executive

SHC



Director