



## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF KHUBAIB FOUNDATION

### **Opinion**

We have audited the financial statements of the Khubaib Foundation (the Foundation) which comprise the statement of financial position as at June 30, 2018, statement of income and expenditure, statement of changes in general fund, statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2018 and of its financial performance for the year and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as applicable in Pakistan.

### **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 Auditors Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Foundation 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 requirements of IFRS as applicable in Pakistan, 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 Trustees are responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

### **Auditor's Responsibilities for the Audit of 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 Foundation'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 Foundation'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 Foundation 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.

Chartered Accountants  
Islamabad:

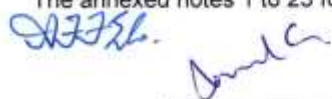
Engagement partner: JehanZeb Amin


A handwritten signature in blue ink, appearing to read 'JZeb Amin', is written over the typed name.

**KHUBAIB FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018**

		June 30, 2018	June 30, 2017
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	5	357,402,439	376,319,400
Intangibles	6	408,943	454,381
Biological assets	7	7,200,000	6,913,000
Capital work in progress	8	120,620,994	49,352,603
Security deposits		952,307	959,457
		<u>486,584,683</u>	<u>433,998,841</u>
<b>CURRENT ASSETS</b>			
Advances, prepayments and other receivables	9	168,940,461	230,687,798
Short term deposits against leased vehicles		-	550,000
Short term investments	10	23,000,000	23,000,000
Cash and bank balances	11	183,385,871	118,218,740
		<u>375,326,332</u>	<u>372,456,538</u>
<b>TOTAL ASSETS</b>		<u>861,911,015</u>	<u>806,455,379</u>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Deferred grant	12	420,389,067	380,963,220
<b>CURRENT LIABILITIES</b>			
Current portion of liability against asset subject to finance lease	13	-	634,096
Creditors, accrued and other liabilities	14	99,761,938	83,834,579
		<u>99,761,938</u>	<u>84,468,675</u>
		<u>520,151,005</u>	<u>465,431,895</u>
<b>NET ASSETS</b>		<u>341,760,010</u>	<u>341,023,484</u>
<b>REPRESENTED BY</b>			
General fund		<u>341,760,010</u>	<u>341,023,483</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

  
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CHAIRMAN

  
\_\_\_\_\_  
TRUSTEE

**KHUBAIB FOUNDATION  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>INCOME</b>			
Donations	15	491,846,597	331,962,604
Fee receipts	16	25,716,461	26,912,487
Amortization of deferred grant	12.2	10,481,106	13,667,808
Other income	17	7,113,620	10,584,276
		<u>535,157,784</u>	<u>383,127,175</u>
<b>EXPENDITURE</b>			
Salaries, wages and other benefits	18	93,587,757	78,052,947
Utilities		11,901,297	10,232,965
Depreciation / amortization		34,124,242	37,320,899
Project running expenses		274,273,426	207,006,770
Others		120,534,535	45,437,424
		<u>534,421,257</u>	<u>378,051,005</u>
<b>Surplus for the year</b>		<u><u>736,527</u></u>	<u><u>5,076,170</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.

*Signature*

*Signature*  
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CHAIRMAN

*Signature*  
\_\_\_\_\_  
TRUSTEE