

KAARVAN CRAFTS FOUNDATION

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KAARVAN CRAFTS FOUNDATION** as at December 31, 2010 and the related income and expenditure account and statement of changes in funds together with the notes forming part thereof, for the year ended December 31, 2010 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 Foundation'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:

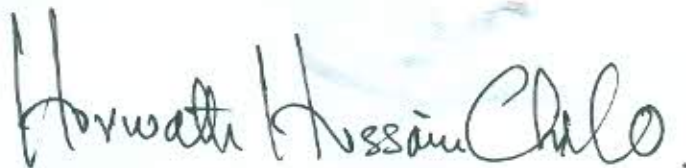
- a) in our opinion, proper books of account have been kept by the Foundation as required by the Companies Ordinance, 1984.
- b) in our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, 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 Foundation's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Foundation;

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- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account and statement of changes in funds 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 Foundation's affairs as at December 31, 2010 and of the surplus and changes in funds for the year ended December 31, 2010; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore:

Dated 07 APR 2011



HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)



KAARVAN CRAFTS FOUNDATION

BALANCE SHEET AS AT DECEMBER 31, 2010

	Note	2010 Rupees	2009 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	4	3,344,334	2,701,162
Intangible assets	5	306,294	81,000
Long term security deposits		616,889	488,580
		<u>4,267,517</u>	<u>3,270,742</u>
CURRENT ASSETS			
Stock in trade	6	688,265	882,759
Trade receivables	7	433,666	655,576
Advances, prepayments and other receivables	8	946,748	520,623
Short term investment	9	9,600,000	8,000,000
Cash and bank balances	10	1,641,236	2,045,594
		<u>13,309,915</u>	<u>12,104,552</u>
		<u>17,577,432</u>	<u>15,375,294</u>
SHARE CAPITAL AND RESERVES			
Share capital	11	-	-
Accumulated surplus	12	16,066,878	14,169,992
		<u>16,066,878</u>	<u>14,169,992</u>
NON CURRENT LIABILITIES			
Provident fund payable		973,723	885,593
LESS: CURRENT LIABILITIES			
Trade and other payables	13	536,831	319,709
CONTINGENCIES AND COMMITMENTS			
	14	-	-
		<u>17,577,432</u>	<u>15,375,294</u>

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

thk

CHIEF EXECUTIVE

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DIRECTOR

U.S. Bhatnagar

KAARVAN CRAFTS FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	2010 Rupees	2009 Rupees
INCOME			
Grants		-	333,020
Gross margin from Enterprise Development Programme	15	2,696,632	2,117,766
Funds received from MEDA for projects:			
- Pathways and Pursestrings		9,788,677	7,527,268
- Institutional Development for Value Chain Services		10,601,860	-
Consultancy income		1,902,165	880,701
Profit on bank account		932,910	891,169
Exchange gain		1,488	1,860
Other income		258,274	415,948
		26,182,006	12,167,732
EXPENDITURES			
Project Expenditures			
Pathways and Pursestrings	16	10,819,464	5,762,832
Institutional Development for Value Chain Services expenses	17	8,449,647	-
		(19,269,111)	(5,762,832)
Administrative Expenses			
Salaries, wages and benefits		2,199,818	1,988,031
Rent, rates and taxes		1,647,084	1,933,692
Travelling and conveyance		234,598	842,957
Advertisement		30,375	77,458
Postage, telephone and telegram		211,924	232,781
Repairs and maintenance		150,214	125,247
Printing and stationery		32,115	12,488
Utilities		207,860	151,951
Entertainment		58,415	50,245
Commission		30,000	3,899
Auditors' remuneration		75,000	60,000
Legal and professional charges		52,950	36,020
Insurance		16,337	23,275
Bad debts written off - Net		14,981	33,336
Bank charges		13,838	22,266
Amortization of intangible assets	5	40,500	40,500
		(5,016,009)	(5,634,146)
Total Expenditures		(24,285,120)	(11,396,978)
Surplus for the year		1,896,886	770,754

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

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CHIEF EXECUTIVE

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DIRECTOR