



**M. Hussain Chaudhury & Co.**  
Chartered Accountants

25-E, Main Market, Gulberg 2,  
Lahore-54660 Pakistan

+92-42-5759223-5 Tel  
+92-42-5759226 Fax  
www.horwath.com.pk  
mhc@horwath.com.pk

## **KAARVAN CRAFTS FOUNDATION**

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **KAARVAN CRAFTS FOUNDATION** at December 31, 2005 and the related income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof, for the period from November 10, 2004 to December 31, 2005 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 period was for the purpose of the Foundation's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Foundation;

- 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, cash flow statement 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, 2005 and of the surplus, its cash flows and changes in funds for the period from November 10, 2004 to December 31, 2005; and
- d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore  
Dated

13 APR 2006

  
(M. HUSSAIN CHAUDHURY & CO.)  
*Chartered Accountants*

**KAARVAN CRAFTS FOUNDATION**

BALANCE SHEET AS AT DECEMBER 31, 2005

	Note	2005 Rupees
<b>Non Current Assets</b>		
Operating fixed assets	3	2,044,754
Long term deposit	4	<u>319,500</u>
		2,364,254
<b>Current Assets</b>		
Stock in trade	5	639,492
Trade receivables	6	1,220,517
Advances and prepayments	7	344,810
Cash and bank balances	8	10,074,905
		<u>12,279,724</u>
<b>Less: Current Liabilities</b>		
Creditors, accrued and other liabilities	9	<u>132,038</u>
<b>Net Current Assets</b>		12,147,686
<b>NET ASSETS</b>		<u><u>14,511,940</u></u>
<b>FINANCED BY:</b>		
<b>General Fund</b>		13,935,410
<b>Deferred Liability</b>		
Provident fund payable		576,530
<b>Contingencies and Commitments</b>	10	-
		<u><u>14,511,940</u></u>

The annexed notes (1 - 17) form an integral part of these accounts.


  
CHIEF EXECUTIVE


  
DIRECTOR

# KAARVAN CRAFTS FOUNDATION

## INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD FROM NOVEMBER 10, 2004 TO DECEMBER 31, 2005

	Note	Amount Rupees
<b>INCOME</b>		
Grants	11	16,222,650
Gross profit from Enterprise Development Program	12	4,379,070
Consultancy income		349,200
Profit on bank accounts		294,104
Exchange income		13,526
		21,258,550
<b>EXPENDITURE</b>		
Salaries and wages	13	3,742,276
Rent, rates and taxes		898,400
Traveling and conveyance		439,589
Advertisement		351,937
Postage, telephone and telegram		427,220
Repairs and maintenance		242,774
Printing and stationery		271,797
Utilities		210,398
Entertainment		115,917
Commission		41,288
Auditors' remuneration		35,000
Legal and professional charges		14,890
Insurance		12,165
Bank charges		3,926
Donation	14	5,000
Depreciation	3	510,563
		7,323,140
<b>Surplus for the Period</b>		13,935,410

The annexed notes (1 - 17) form an integral part of these accounts.



**CHIEF EXECUTIVE**



**DIRECTOR**

# KAARVAN CRAFTS FOUNDATION

## CASH FLOW STATEMENT FOR THE PERIOD FROM NOVEMBER 10, 2004 TO DECEMBER 31, 2005

	<b>Amount</b>
	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Surplus for the period	13,935,410
Adjustment for:	
- Depreciation	510,563
- Non cash net assets received from Kashf (refer to Note 11.1.1)	(7,041,608)
	(6,531,045)
<b>Operating Profit before Working Capital Changes</b>	7,404,365
Decrease / (increase) in current assets	
- Stock in trade	(244,451)
- Trade debts	(753,339)
- Advances and prepayments	4,030,635
(Decrease) / increase in current liabilities	
- Creditors, accrued and other liabilities	207,175
	3,240,020
<b>Net Cash from Operating Activities</b>	10,644,385
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Operating fixed assets purchased	(585,980)
Long term deposits	16,500
<b>Net Cash Used in Investing Activities</b>	(569,480)
<b>Net Increase in Cash and Cash Equivalents</b>	10,074,905
<b>Cash and Cash Equivalents at the End of the Period</b>	10,074,905

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

