



Horwath Hussain Chaudhury & Co.
Chartered Accountants

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

+92-42-111-111-442 Tel

+92-42-5759226 Fax

www.horwath.com.pk

hhc@horwath.com.pk

KAARVAN CRAFTS FOUNDATION

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KAARVAN CRAFTS FOUNDATION** as at December 31, 2008 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 year ended December 31, 2008 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.

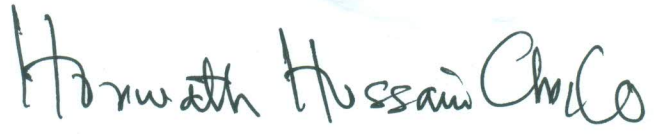
We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, 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;

- 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, 2008 and of the surplus, its cash flows and changes in funds for the year ended December 31, 2008; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore:

Dated **06 APR 2009**



HORWATH HUSSAIN CHAUDHURY & CO.

Chartered Accountants

KAARVAN CRAFTS FOUNDATION

BALANCE SHEET AS AT DECEMBER 31, 2008

		2008	2007
	Note	Rupees	Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	4	3,222,052	1,936,756
Intangible assets	5	-	15,000
Long term deposits	6	510,300	582,800
		3,732,352	2,534,556
Current Assets			
Stock in trade	7	986,612	991,053
Trade debts	8	643,418	1,258,646
Short term investment	9	8,000,000	8,000,000
Advances, prepayments and other receivables	10	836,411	722,201
Cash and bank balances	11	535,446	614,165
		11,001,887	11,586,065
Less: Current Liabilities			
Trade and other payables	12	377,332	516,144
		10,624,555	11,069,921
Net Current Assets			
Non Current Liabilities			
Provident fund payable		957,669	828,289
Contingencies and Commitments			
	13	-	-
NET ASSETS		13,399,238	12,776,188
FINANCED BY:			
General Fund			
Opening balance		12,776,188	13,484,971
Surplus / (deficit) for the year		623,050	(708,783)
		13,399,238	12,776,188

The annexed notes form an integral part of these accounts.


CHIEF EXECUTIVE


DIRECTOR

KAARVAN CRAFTS FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	2008 Rupees	2007 Rupees
INCOME			
Grants		315,600	1,311,620
Gross margin from Enterprise Development Program	14	2,277,589	3,244,220
Net surplus from activities of Mennonite Economic Development Association	15	1,707,280	-
Consultancy income		1,116,426	1,117,683
Profit on bank account		782,794	785,583
Exchange gain		233,441	18,543
Other income		76,102	104,096
		6,509,232	6,581,745
EXPENDITURES			
Salaries, wages and benefits		2,827,367	3,748,316
Rent, rates and taxes		1,571,204	1,681,243
Travelling and conveyance		518,516	287,517
Advertisement		26,637	79,116
Postage, telephone and telegram		225,491	278,030
Repairs and maintenance		110,553	201,857
Printing and stationery		64,464	87,101
Utilities		115,976	170,780
Entertainment		92,883	118,900
Commission		24,503	56,500
Auditors' remuneration		50,000	40,000
Legal and professional charges		66,345	44,130
Insurance		32,422	15,068
Bad debts written off - Net		124,624	441,808
Bank charges		20,197	25,162
Amortization of intangible assets	5	15,000	15,000
		5,886,182	7,290,528
Surplus / (Deficit) for the year		623,050	(708,783)

The annexed notes form an integral part of these accounts.


CHIEF EXECUTIVE


DIRECTOR

KAARVAN CRAFTS FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for the year	623,050	(708,783)
Adjustment for:		
- Depreciation	445,880	318,489
- Amortization	15,000	15,000
- Gain on disposal of property plant and equipment	-	(55,112)
- Provident fund payable - Net	129,380	134,214
- Bad debts written off - Net	124,624	441,808
	<u>714,884</u>	<u>854,399</u>
Operating Profit before Working Capital Changes	1,337,934	145,616
Decrease / (increase) in current assets		
- Stock in trade	4,441	121,938
- Trade debts	437,865	(730,719)
- Advances, prepayments and other receivables	(18,228)	60,200
(Decrease) / increase in current liabilities		
- Trade and other payables	(143,907)	407,940
	<u>280,171</u>	<u>(140,641)</u>
Income tax paid	(38,148)	(66,306)
Net Cash From / (Used in) Operating Activities	1,579,957	(61,331)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(1,731,176)	(537,130)
Proceed from disposal of property plant and equipment	-	305,000
Long term deposits	72,500	(17,800)
Net Cash used in Investing Activities	(1,658,676)	(249,930)
Net Decrease in Cash and Cash Equivalents	(78,719)	(311,261)
Cash and cash equivalents at the beginning of the year	614,165	925,426
Cash and Cash Equivalents at the End of the Year	<u>535,446</u>	<u>614,165</u>


CHIEF EXECUTIVE


DIRECTOR