

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **Kaarvan Crafts Foundation (KCF)** as at **December 31, 2011** and the related income and expenditure account and statement of changes in fund balances 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 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) we did not observe the counting of the physical inventories of the crafts division as of December 31, 2011, since that date was prior to the time we were initially engaged as auditors of the Foundation.
- b) in our opinion, except for the matters referred to in paragraph (a) above, proper books of account have been kept by the Foundation as required by the Companies Ordinance, 1984;
- c) 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;
- d) 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 fund balances 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, 2011 and of the deficit and changes in fund balances for the year then ended; and
- e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to Note 20 to the financial statements. The income of Foundation is exempt from levy of tax under clause (c) of sub-section 36 of section 2 of the Income Tax Ordinance, 2001 upto 30<sup>th</sup> June, 2008. Foundation has applied for renewal of the exemption certificate for the current period. Accordingly, no provision for income tax has been made in the financial statements.





The financial statements for the year ended December 31, 2010 were audited by another firm of Chartered Accountants who vide their audit report dated April 07, 2011 expressed an unqualified opinion in all respects.

*Asim Iftikhar*

**CHARTERED ACCOUNTANTS**

Engagement Partner: Asim Iftikhar

Lahore

Date:

*4/4/2012*

**KAARVAN CRAFTS FOUNDATION**

(GUARANTEE LIMITED UNDER SECTION 42)

**BALANCE SHEET****AS AT 31 DECEMBER 2011**

	Note	2011	2010
Rupees			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	2,998,031	3,344,334
Intangible assets	6	132,897	306,294
Long term security deposits		577,889	616,889
<b>Total non-current assets</b>		<b>3,708,817</b>	<b>4,267,517</b>
<b>Current assets</b>			
Stock in trade	7	354,041	688,265
Trade receivables	8	745,724	433,666
Advances, prepayments and other receivables	9	628,157	946,748
Short term investment	10	8,000,000	9,600,000
Cash and bank balances	11	4,244,460	1,641,236
<b>Total current assets</b>		<b>13,972,382</b>	<b>13,309,915</b>
<b>Total assets</b>		<b>17,681,199</b>	<b>17,577,432</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Accumulated surplus	12	15,745,552	16,066,878
<b>Non-current liabilities</b>			
Provident fund payable		984,753	973,723
<b>Total non-current liabilities</b>		<b>984,753</b>	<b>973,723</b>
<b>Current liabilities</b>			
Trade and other payables	13	950,894	536,831
<b>Total current liabilities</b>		<b>950,894</b>	<b>536,831</b>
<b>Total liabilities</b>		<b>17,681,199</b>	<b>17,577,432</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

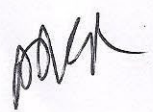
The annexed notes 1 to 26 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR





**KAARVAN CRAFTS FOUNDATION**

(GUARANTEE LIMITED UNDER SECTION 42)

**INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011	2010
		Rupees	
<b>INCOME</b>			
Income from Enterprise Development Program	15	2,444,802	2,696,632
Funds received from MEDA for projects:			
-Pathways and Pursestrings		14,942,746	9,788,677
-Institutional Development for Value Chain Services		2,911,709	10,601,860
Consultancy income		1,530,000	1,902,165
Profit on investments and bank accounts		1,422,217	932,910
Exchange gain		-	1,488
Other income	16	19,641	258,274
<b>Total income</b>		23,271,115	26,182,006
<b>EXPENDITURES</b>			
<b>Project expenditures</b>			
Pathways and Pursestrings	17	14,423,985	10,819,464
Institutional Development for Value Chain Services expenses	18	3,916,791	8,449,647
		18,340,776	19,269,111
Administrative expenses	19	5,251,665	5,016,009
<b>Total expenditures</b>		23,592,441	24,285,120
<b>(Deficit) /Surplus for the year</b>		(321,326)	1,896,886

*The annexed notes 1 to 26 form an integral part of these financial statements.*

  
**CHIEF EXECUTIVE**
  
**DIRECTOR**
