



Grant Thornton

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INDEPENDENT AUDITOR'S REPORT

To the members of Kaarvan Crafts Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Kaarvan Crafts Foundation (the Company), which comprise the statement of financial position as at June 30, 2020, and the income and expenditure statement, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure statement, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the deficit, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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.

Emphasis of Matter

As explained in note 1.2 of the financial statements, the Company is in process of renewal of its license granted u/s 42 of the repealed Companies Ordinance, 1984 so as to comply with circular No. 02/2015 dated January 01, 2015. NOC from Ministry of Interior has been received during last year which is valid from January 1, 2014 to December 31, 2017. The Company has also filed application for renewal of license for three years with Commission on November 27, 2018 which is in process. In accordance S.R.O 733 (1)/2018 dated June 7, 2018, existing license shall be deemed valid up-till renewal of such license. Accordingly, the Company continues to carry on its routine activities and these financial statements have been prepared on going concern basis.

Our opinion is not qualified in respect of the above matter.

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Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Karachi & Islamabad

Information Other than the Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. Other information comprises directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as 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, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 Company's internal control.

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- 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 Company'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 Company 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 the board of directors 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.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran Afzal.

Grant Thornton Anglin Rahman
 CHARTERED ACCOUNTANTS
 Lahore.

Dated: *October 21, 2020*

KAARVAN CRAFTS FOUNDATION

(A Company set up under section 42 of the repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement of Financial Position**As at June 30, 2020**

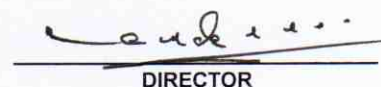
	Note	2020 (Rupees)	2019 (Rupees)
Assets			
Non-current			
Property and equipment	4	3,882,448	5,087,715
Intangible assets	5	37,128	145,011
Long term security deposits		424,056	509,937
Non-current assets		4,343,632	5,742,663
Current			
Grants receivable	6	2,704,975	140,000
Advances, prepayments and other receivables	7	742,625	2,306,836
Trade debts	8	24,724,258	42,557,934
Stock in trade		44,880	44,880
Income tax refundable - net		21,737,581	20,801,854
Short term investments	9	36,000,000	38,000,000
Cash and bank balances	10	35,160,986	13,162,997
Current assets		121,115,305	117,014,501
Total assets		125,458,937	122,757,164
Equity and liabilities			
Equity			
General fund	11	96,453,283	98,039,135
Total equity		96,453,283	98,039,135
Liabilities			
Non-current			
Deferred liabilities	12	11,163,916	4,211,139
Non-current liabilities		11,163,916	4,211,139
Current			
Trade and other payables	13	17,841,738	20,506,890
Current liabilities		17,841,738	20,506,890
Total liabilities		29,005,654	24,718,029
Total equity and liabilities		125,458,937	122,757,164
Contingencies and commitments	14		

The annexed notes 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

KAARVAN CRAFTS FOUNDATION

(A Company set up under section 42 of the repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Income and Expenditure Statement

For the year ended June 30, 2020

	Note	01 July 2019 - 30 June 2020 (Rupees)	01 Jan - 30 June 2019 (Rupees)
Revenue	15	80,085,765	64,689,592
Other income	16	4,661,833	2,005,063
Total income		84,747,598	66,694,655
Project Expenditure:			
Punjab Skills Development Fund (PSDF)	17	34,943,402	26,116,015
Other projects expenses	18	41,977,654	30,273,489
Disbursement of donations		1,623,100	-
		78,544,156	56,389,504
Administrative expenses	19	7,391,663	5,378,490
Other expenses	20	397,631	429,212
(Deficit)/Surplus before taxation		(1,585,852)	4,497,449
Provision for taxation	21	-	-
(Deficit)/Surplus for the year/period		(1,585,852)	4,497,449

The annexed notes 1 to 28 form an integral part of these financial statements.

6/1/20



CHIEF EXECUTIVE OFFICER



DIRECTOR

KAARVAN CRAFTS FOUNDATION

(A Company set up under section 42 of the repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement of Changes in Fund Balances For the year ended June 30, 2020

	General fund (Rupees)
Balance as at January 01, 2019	93,541,686
Surplus for the period	4,497,449
Balance as at June 30, 2019	98,039,135
Deficit for the year	(1,585,852)
Balance as at June 30, 2020	96,453,283

The annexed notes 1 to 28 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR

KAARVAN CRAFTS FOUNDATION

(A Company set up under section 42 of the repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement of Cash Flows

For the year ended June 30, 2020

	Note	01 July 2019 - 30 June 2020 (Rupees)	01 Jan - 30 June 2019 (Rupees)
Cash flows from operating activities			
Surplus/(deficit) for the year		(1,585,852)	4,497,449
Adjustments for non cash items:			
Depreciation		995,535	598,561
Provision for gratuity		1,025,809	769,168
Loss on disposal of property and equipment		206,968	429,212
Grants amortisation		(41,906,762)	(29,638,405)
Amortisation of intangible assets		107,883	77,692
Operating (deficit) before working capital changes		(41,156,419)	(23,266,323)
Working capital changes:			
(Increase)/Decrease in advances, prepayments, other receivables and trade debt		18,462,160	(861,606)
Increase/(decrease) in trade and other payables		(2,963,823)	115,018
Total Changes		15,498,337	(746,588)
Cash used in operations		(25,658,082)	(24,012,911)
Gratuity paid during the year/period		(727,138)	(610,485)
Grants received during the year/period		46,294,564	33,840,003
Net cash generated from operating activities		19,909,344	9,216,607
Cash flows from investing activities			
Proceeds from disposal of property and equipment during the year/period		140,000	125,368
Purchase of property and equipment during the year/period		(137,236)	-
Decrease in long term security deposits		85,881	79,090
Proceeds from redemption of investment		2,000,000	-
Net cash generated from investing activities		2,088,645	204,458
Increase in cash and cash equivalents		21,997,989	9,421,065
Cash and cash equivalents at the beginning of year		13,162,997	3,741,932
Cash and cash equivalents at the end of year	10	35,160,986	13,162,997

The annexed notes 1 to 28 form an integral part of these financial statements.

Signature



CHIEF EXECUTIVE OFFICER



DIRECTOR