
**Grant Thornton Anjum
Rahman**

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INDEPENDENT AUDITOR'S REPORT

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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, 2022**, and the income and expenditure statement, the statement of changes in fund balances, 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, the income and expenditure statement, the statement of changes in fund balances 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, 2022 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.

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

The Board of Directors are responsible for the other information. The other information comprises the information including under director report for the year ended June 30 2022, but does not include the financial statements and our auditor's report thereon.

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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.
- 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 balances 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 Anjum Rahman
Chartered Accountants
Lahore

Dated: 28 October, 2022

UDIN: AR202210212I2vP8nJkB

KAARVAN CRAFTS FOUNDATION

(A Company set up under section 42 of the repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement of Financial Position

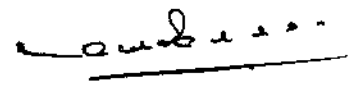
As at June 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Assets			
Non-current			
Property and equipment	5	2,678,906	2,103,430
Intangible assets	6	-	7,285
Long term security deposits		424,526	304,393
Non-current assets		3,103,432	2,415,108
Current			
Grants receivable	7	-	781,054
Advances, prepayments and other receivables	8	1,014,966	1,957,860
Trade debts	9	-	29,106,647
Income tax refundable - net	10	21,953,658	21,953,195
Short term investments	11	55,000,000	35,000,000
Cash and bank balances	12	21,722,165	7,455,441
Current assets		99,690,789	96,254,197
Total assets		102,794,221	98,669,305
Equity and liabilities			
Equity			
General fund	13	85,390,471	88,980,214
Total equity		85,390,471	88,980,214
Liabilities			
Non-current			
Deferred grants	14	12,901,869	2,387,854
Non-current liabilities		12,901,869	2,387,854
Current			
Trade and other payables	15	4,501,881	7,301,237
Current liabilities		4,501,881	7,301,237
Total liabilities		17,403,750	9,689,091
Total equity and liabilities		102,794,221	98,669,305
Contingencies and commitments	16		

The annexed notes 1 to 29 form an integral part of these financial statements.




CHIEF EXECUTIVE OFFICER


DIRECTOR

KAARVAN CRAFTS FOUNDATION

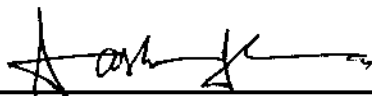
(A Company set up under section 42 of the repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Income and Expenditure Statement For the year ended June 30, 2022

		2022 (Rupees)	2021 (Rupees)
Revenue	17	47,054,966	83,718,882
Other income	18	6,197,224	2,845,582
Total income		53,252,190	86,564,464
Project Expenditure:			
Punjab Skills Development Fund	19	6,509,467	62,760,060
Other projects	20	34,605,254	12,985,859
Disbursement of donations		-	217,503
		41,114,721	75,963,422
Administrative expenses	21	6,305,904	17,270,924
Other expenses	22	9,421,308	803,187
Deficit before taxation		(3,589,743)	(7,473,069)
Provision for taxation	23	-	-
Deficit for the year		(3,589,743)	(7,473,069)

The annexed notes 1 to 29 form an integral part of these financial statements.





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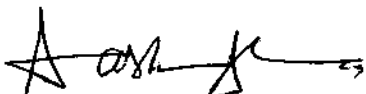
(A Company set up under section 42 of the repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement of Changes in Fund Balances For the year ended June 30, 2022


	General fund (Rupees)
Balance as at July 01, 2020	96,453,283
Deficit for the year ended June 30, 2021	(7,473,069)
Balance as at June 30, 2021	88,980,214
Deficit for the year ended June 30, 2022	(3,589,743)
Balance as at June 30, 2022	85,390,471

The annexed notes 1 to 29 form an integral part of these financial statements.

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DIRECTOR

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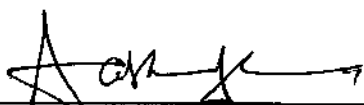
Statement of Cash Flows

For the year ended June 30, 2022

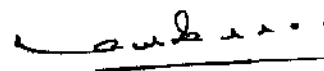
	2022 (Rupees)	2021 (Rupees)
Cash flows from operating activities		
Deficit for the year	(3,589,743)	(7,473,069)
Adjustments for non cash items:		
Depreciation	466,524	566,969
Provision for gratuity	897,090	813,555
Loss on disposal of property and equipment	-	803,187
Grants amortisation	(35,598,712)	(15,149,944)
Amortisation of intangible assets	7,285	29,843
Operating (deficit) before working capital changes	(37,817,556)	(20,409,459)
Working capital changes:		
Decrease/(Increase) in advances, prepayments, other receivables and trade debts	30,049,078	(5,768,356)
Decrease in trade and other payables	(2,896,137)	(10,041,289)
	27,152,941	(15,809,645)
Cash used in operations	(10,664,615)	(36,219,104)
Gratuity paid during the year	(800,309)	(1,312,766)
Grants received during the year	46,893,781	8,297,803
Net cash from/ (used in) operating activities	35,428,857	(29,234,067)
Cash flows from investing activities		
Proceeds from disposal of assets during the year	-	408,860
Purchase of assets during the year	(1,042,000)	-
(Increase)/Decrease in long term security deposits	(120,133)	119,663
Proceeds from redemption of investment / investment made during the year-net	(20,000,000)	1,000,000
Net cash from/ (used in) investing activities	(21,162,133)	1,528,523
Cash flows from financing activities		
(Decrease)/Increase in cash and cash equivalents	14,266,724	(27,705,544)
Cash and cash equivalents at the beginning of year	7,455,441	35,160,985
Cash and cash equivalents at the end of year	12 21,722,165	7,455,441

The annexed notes 1 to 29 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR