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**Grant Thornton Anjum  
Rahman**  
1 - Inter Floor, Eden  
Centre, 43-Jail Road,  
Lahore, Pakistan.

## Independent Auditor's Report

To the members of Kaarvan Crafts Foundation

Report on the Audit of the Financial Statements

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**F +92 42 37425485**

### 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, 2023**, 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, 2023 and of the surplus, the changes in fund balances 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

Management is responsible for the other information. The other information comprises the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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.

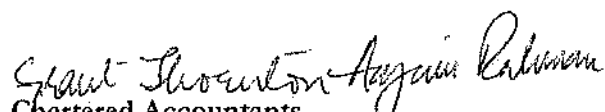
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## 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.

  
Chartered Accountants  
Lahore

Dated: November 20, 2023  
UDIN: AR2023102120Qe2koS7y

# 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, 2023

	Note	2023 (Rupees)	2022 (Rupees)
<b>Assets</b>			
<b>Non-current</b>			
Property and equipment	5	1,769,864	2,678,906
Intangible assets	6	-	-
Long term security deposits		467,526	424,526
<b>Non-current assets</b>		<b>2,237,390</b>	<b>3,103,432</b>
<b>Current</b>			
Grants receivable	7	103,042	-
Advances, prepayments and other receivables	8	1,751,593	1,014,966
Trade debts	9	2,510,299	-
Income tax refundable - net		22,088,855	21,953,658
Short term investments	10	55,000,000	55,000,000
Cash and bank balances	11	24,347,172	21,722,165
<b>Current assets</b>		<b>105,800,961</b>	<b>99,690,789</b>
<b>Total assets</b>		<b>108,038,351</b>	<b>102,794,221</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
General fund	12	94,400,901	85,390,471
<b>Total equity</b>		<b>94,400,901</b>	<b>85,390,471</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Deferred grants	13	7,918,572	12,901,869
<b>Non-current liabilities</b>		<b>7,918,572</b>	<b>12,901,869</b>
<b>Current</b>			
Trade and other payables	14	5,718,878	4,501,881
<b>Current liabilities</b>		<b>5,718,878</b>	<b>4,501,881</b>
<b>Total liabilities</b>		<b>13,637,450</b>	<b>17,403,750</b>
<b>Total equity and liabilities</b>		<b>108,038,351</b>	<b>102,794,221</b>

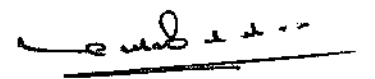
Contingencies and commitments

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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, 2023

		2023 (Rupees)	2022 (Rupees)
Revenue	16	85,494,687	47,054,966
Other income	17	8,509,515	6,197,224
<b>Total income</b>		<b>94,004,202</b>	<b>53,252,190</b>
<b>Project Expenditure:</b>			
Punjab Skills Development Fund	18	8,675,709	6,509,467
Other projects	19	72,061,337	34,605,254
		<b>80,737,046</b>	<b>41,114,721</b>
Administrative expenses	20	4,091,755	6,305,904
Other expenses	21	164,971	9,421,308
<b>Surplus/ (Deficit) before taxation</b>		<b>9,010,430</b>	<b>(3,589,743)</b>
Provision for taxation	22	-	-
<b>Surplus / (Deficit) for the year</b>		<b>9,010,430</b>	<b>(3,589,743)</b>

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 Changes in Fund Balances For the year ended June 30, 2023

	General fund ( Rupees )
Balance as at July 01, 2021	88,980,214
Deficit for the year ended June 30, 2022	(3,589,743)
Balance as at June 30, 2022	85,390,471
Surplus for the year ended June 30, 2023	9,010,430
<b>Balance as at June 30, 2023</b>	<b>94,400,901</b>

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

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR

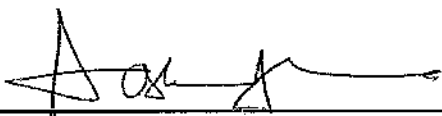
**KAARVAN CRAFTS FOUNDATION**

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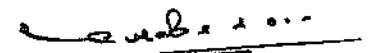
**Statement of Cash Flows****For the year ended June 30, 2023**

	2023 (Rupees)	2022 (Rupees)
<b>Cash flows from operating activities</b>		
Surplus/ (Deficit) for the year	9,010,430	(3,589,743)
<b>Adjustments for non cash items:</b>		
Depreciation	587,323	466,524
Provision for gratuity	888,624	897,090
Loss on disposal of property and equipment	164,971	-
Grants amortisation	(71,892,731)	(35,598,712)
Amortisation of intangible assets	-	7,285
Operating deficit before working capital changes	(61,241,383)	(37,817,556)
<b>Working capital changes:</b>		
(Increase)/ Decrease in advances, prepayments, other receivables and trade debts	(3,382,124)	30,049,078
Increase/ (Decrease) in trade and other payables	1,567,287	(2,896,137)
	(1,814,837)	27,152,941
<b>Cash used in operations</b>	(63,056,220)	(10,664,615)
Gratuity paid during the year	(1,238,914)	(800,309)
Grants received during the year	66,806,391	46,893,781
<b>Net cash from operating activities</b>	2,511,257	35,428,857
<b>Cash flows from investing activities</b>		
Proceeds from disposal of assets during the year	156,750	-
Purchase of assets during the year	-	(1,042,000)
Increase in long term security deposits	(43,000)	(120,133)
Investment made during the year	-	(20,000,000)
<b>Net cash from investing activities</b>	113,750	(21,162,133)
<b>Cash flows from financing activities</b>	-	-
<b>Increase in cash and cash equivalents</b>	2,625,007	14,266,724
Cash and cash equivalents at the beginning of year	21,722,165	7,455,441
<b>Cash and cash equivalents at the end of year</b>	12 24,347,172	21,722,165

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



CHIEF EXECUTIVE OFFICER



DIRECTOR