



**KHUBAIB FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2021**

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Independent Auditor's Report to the Trustees of Khubaib Foundation

Opinion

We have audited the financial statements of Khubaib Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2021, and the income and expenditure account, statement of comprehensive income, statement of changes in general fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standard for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) issued by International Accounting Standard Board (IASB) and adopted by the Foundation.

Basis for Opinion

We conducted our audit in accordance with the 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 Foundation 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standard for NPOs issued by the ICAP and International Financial Reporting Standards for Small and Medium Sized Entities issued by the IASB, and for such internal control as the Trustees determine 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, the Trustees are responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.





FAZAL MAHMOOD & COMPANY
CHARTERED ACCOUNTANTS
(A member firm of PrimeGlobal)



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 Foundation'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 Foundation'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 Foundation 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 those charged with governance 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.



Fazal Mahmood & Company
Chartered Accountants

Lahore

Date: 30-Sep-2021

Engagement Partner: Muhammad Imran Akhtar



KHUBAIB FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2021

Rupees	Note	2021	2020
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	584,666,200	398,361,834
Intangibles	6	298,119	331,244
Biological assets	7	7,160,740	9,650,000
Capital work in progress	8	39,671,542	256,476,230
Security deposits		1,410,303	1,124,307
		633,206,904	665,943,615
CURRENT ASSETS			
Advances, prepayments and other receivables	9	17,564,547	71,932,007
Cash and bank balances	10	44,551,657	47,598,169
		62,116,203	119,530,176
TOTAL ASSETS		695,323,108	785,473,792
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred grant	11	328,059,168	360,693,456
		328,059,168	360,693,456
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	12	36,435,791	89,785,958
		36,435,791	89,785,958
		364,494,959	450,479,413
NET ASSETS		330,828,149	334,994,378
REPRESENTED BY			
General fund		330,828,149	334,994,378

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



CHAIRMAN



TRUSTEE

KHUBAIB FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30TH JUNE, 2021

Rupees	Note	2021	2020
INCOME			
Operational Income			
Grant income	13	261,405,412	308,511,561
Fee Receipts	14	15,009,636	18,455,046
		276,415,048	326,966,607
Amortization of deferred grant		33,241,058	15,304,209
Other Income	15	6,737,954	7,179,208
		39,979,012	22,483,417
		316,394,060	349,450,024
EXPENDITURE			
Salaries, wages and other benefits	16	87,013,030	99,882,313
Utilities		7,584,786	12,272,498
Depreciation / amortization		56,237,840	35,443,806
Project running expenses		166,286,113	194,955,427
Revaluation of biological loss		2,688,520	199,260
Auditors' remuneration		750,000	750,000
Others		-	12,897,936
		320,560,289	356,401,240
Deficit for the year		(4,166,230)	(6,951,217)

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



CHAIRMAN




TRUSTEE


KHUBAIB FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE, 2021

Rupees	Note	2021	2020
Deficit for the year		(4,166,230)	(6,951,217)
Other comprehensive income		-	-
Total comprehensive loss		<u>(4,166,230)</u>	<u>(6,951,217)</u>

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



CHAIRMAN



TRUSTEE


KHUBAIB FOUNDATION
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED 30TH JUNE, 2021

	General Fund	Total
 RUPEES	
Balance as at June 30, 2019	341,945,595	341,945,595
Deficit for the year	(6,951,217)	(6,951,217)
Balance as at June 30, 2020	334,994,378	334,994,378
Deficit for the year	(4,166,230)	(4,166,230)
Balance as at June 30, 2021	330,828,149	330,828,149

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



CHAIRMAN



TRUSTEE

KHUBAIB FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE, 2021

Rupees	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(4,166,230)	(6,951,217)
Adjustments for non-cash items:			
Depreciation of plant and equipment	5	56,204,716	35,407,001
Amortization of intangibles	6	33,124	36,805
Revaluation loss on biological assets	7	2,489,260	199,260
Amortization of capital grant		(33,241,058)	(15,304,209)
Depreciation reversal	15	(1,074,048)	-
Gain on sale of property and equipment	15	(3,258,930)	(4,062,024)
		<u>16,986,835</u>	<u>9,325,616</u>
Working Capital Changes			
<i>(Increase) / decrease in current assets:</i>			
Advances, deposits and prepayments		54,367,461	49,071,784
<i>Increase / (decrease) in current liabilities:</i>			
Creditors, accrued and other liabilities		(53,350,167)	(42,953,009)
		<u>1,017,294</u>	<u>6,118,775</u>
Net cash generated from operating activities		<u>18,004,129</u>	<u>15,444,391</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property and equipment		(243,426,104)	(30,362,020)
Payments for acquisition of CWIP		(19,325,043)	(95,256,997)
Transfer from CWIP		236,129,731	9,999,276
Purchase of biological assets		-	(2,464,260)
Security deposit		(285,996)	-
Proceeds from sale of property and equipment		5,250,000	6,215,000
Net cash generated from / (used in) investing activities		<u>(21,657,412)</u>	<u>(111,869,001)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received during the year - net		606,771	75,573,327
Net cash generated from financing activities		<u>606,771</u>	<u>75,573,327</u>
Net increase / (decrease) in cash and cash equivalents		<u>(3,046,513)</u>	<u>(20,851,283)</u>
Cash and cash equivalents at beginning of the year		47,598,169	68,449,452
Cash and cash equivalents at end of the year		<u>44,551,656</u>	<u>47,598,169</u>

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



CHAIRMAN



TRUSTEE

KHUBAIB FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND OPERATIONS :

Khubaib Foundation (the Foundation) was established as a trust under the Trust Act, 1882 in May 1999 as a non-profit, non-governmental, social, education and cultural organization with the objective of working for the education, reformation, reclamation and rehabilitation of prisoners, orphan, effected, of earthquake disaster in Khyber Pakhtun Khawa and Azad Jammu and Kashmir and to help the humanity in need at large. The registered office of the Foundation is located at Plot No.112, Street No. 8, Sector I-10/3 Islamabad. In furtherance of its intended objectives, the Foundation is undertaking various activities and to support these activities, it has established various units. The core activities presently undertaken by the Foundation and various units setup for the purpose related thereto are briefly outlined below:

Educational Activities

These include various initiatives undertaken by the Foundation including specific projects and units setup for promotion of education for unprivileged communities. The major educational institutes setup by the foundation include the following:

- Khubaib Boarding School, Rara, Muzaffarabad, Azad Jammu and Kashmir
- Khubaib College, Skardu
- Rumi International School, Haripur
- Khubaib College, Sargodha
- Khubaib School, Pinar, Hamzewala, Muzaffargarh
- Khubaib School, Bagcilar, Bakhuwala, Muzaffargarh
- Khubaib College, Giigit
- Khubaib Hostel MSAL, Rawalpindi
- Khubaib Madaris (I-10 Islamabad and Muzaffargarh)

The above mentioned educational institutes were setup in prior years and remained operational during the year.

Welfare Projects

These include welfare projects setup by the Foundation to cater the needs of marginalized and impoverished members of the society. The significant events/activities undertaken during the year include;

- Construction of houses in Muzaffargarh
- Marriage project
- Orphan higher education
- Orphan solidarity day
- Qurbani activity
- Ramadan activity
- Relief and donation activities
- Sponsorship program

INTERNATIONAL PROJECTS

This includes relief project for refugees residing in Turkish territories. Fund raising for relief project was carried out during the year, whereas some amount of relief activities related thereto was rolled out subsequent to the year end. Funds disbursed to IHH for relief activities are recorded as advance and shall be settled in expenditure for the respected year in which the advance will be adjusted.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

- Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan and;
- International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) issued by International Accounting Standard Board (IASB).

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes.