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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAF FOUNDATION

(A company setup under section 42 of repealed Companies Ordinance, 1984)

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Opinion

We have audited the annexed financial statements of **TAF Foundation** (the Foundation), which comprise the statement of financial position as at **June 30, 2019**, and the income and expenditure account, the statement of comprehensive surplus, the statement of changes in funds, the cash flow statement 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 statement of financial position of **TAF Foundation** as at **June 30, 2019**, and (of) its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

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 Foundation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the Code) as adopted by the Institute of Chartered Accountants of Pakistan 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 Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and the requirements of the Companies Act, 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 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.

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; and
- 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 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.

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 Foundation as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure account, the statement of comprehensive surplus, the statement of changes in funds and the cash flows statement 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 Foundation'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 **Muhammad Shaukat Naseeb**.


Grant Thornton Anjum Rahman
Karachi

Date: October 10, 2019

TAF Foundation
A company setup under section 42 of repealed Companies Ordinance, 1984)
Financial Statements
For the year ended June 30, 2019

TAF FOUNDATION
(A company setup under section 42 of repealed Company Ordinance, 1984)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

| | Note | 2019 -----Rupees----- | 2018 |
|--------------------------------------|------|--------------------------|--------------------|
| ASSETS | | | |
| Non - Current Assets | | | |
| Property and equipment | 5 | 21,983,867 | 16,874,580 |
| Intangibles | 6 | 4,927 | 73,493 |
| Long term investments | 7 | 39,075,286 | 38,760,487 |
| Total Non-Current assets | | 61,064,080 | 55,708,560 |
| Current Assets | | | |
| Advances and deposits | 8 | 816,190 | 1,038,851 |
| Prepayments and other receivables | 9 | 30,632,135 | 785,019 |
| Cash and bank balances | 10 | 96,899,405 | 109,904,557 |
| Total Current Assets | | 128,347,730 | 111,728,427 |
| Total Assets | | 189,411,810 | 167,436,987 |
| Represented by | | | |
| Reserves | | | |
| General fund | | 117,314,439 | 94,029,597 |
| Designated fund | 11 | 69,471,882 | 69,471,882 |
| | | 186,786,321 | 163,501,479 |
| Non - Current Liabilities | | | |
| Deferred income | 12 | 1,434,142 | 1,405,718 |
| Current liabilities | | | |
| Accrued and other liabilities | 13 | 1,191,347 | 2,529,789 |
| Total funds and liabilities | | 189,411,810 | 167,436,987 |
| CONTINGENCIES AND COMMITMENTS | 14 | | |

The annexed notes from 1 to 27 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

TAF FOUNDATION*(A company setup under section 42 of repealed Companies Ordinance, 1984)***INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED JUNE 30, 2019**

| | Note | 2019 -----Rupees----- | 2018 |
|--|------|--------------------------|----------------------|
| Income from donations | 15 | 109,940,076 | 119,745,102 |
| Other income | 16 | 3,064,729 | 1,601,391 |
| | | <u>113,004,805</u> | <u>121,346,493</u> |
| Programme & Welfare Expenditures | 17 | (19,235,195) | (30,707,418) |
| Administrative Expenditures | 18 | (70,484,768) | (81,330,674) |
| | | <u>(89,719,963)</u> | <u>(112,038,092)</u> |
| SURPLUS BEFORE TAX | | <u>23,284,842</u> | <u>9,308,401</u> |
| Taxation | 21 | - | - |
| SURPLUS FOR THE YEAR | | <u>23,284,842</u> | <u>9,308,401</u> |
| Operating self sufficiency ratio (OSS) | | 1.56 | 1.47 |

The annexed notes from 1 to 27 form an integral part of these financial statements. 9.5.19



CHIEF EXECUTIVE OFFICER

DIRECTOR

TAF FOUNDATION

(A company setup under section 42 of repealed Company Ordinance, 1984)

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2019

| | Note | 2019 -----Rupees----- | 2018 |
|--|------|--------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Surplus for the year | | 23,284,842 | 9,308,401 |
| Adjustments non-cash items: | | | |
| Depreciation | 5 | 4,472,855 | 3,837,644 |
| Amortization | 6 | 68,566 | 287,460 |
| Amortization of deferred income | 12 | (551,577) | (306,088) |
| Loss on disposal | | 1,101,372 | - |
| Unrealized (gain)/loss on investments | | (314,799) | 98,963 |
| Profit on savings bank accounts | 20 | (2,198,353) | (1,394,266) |
| | | <u>2,578,064</u> | <u>2,523,713</u> |
| Working capital changes: | | | |
| (Increase) / decrease in operating assets | | | |
| Advances and deposits | | 222,661 | 2,440 |
| Prepayments and other receivables | | (29,695,566) | 707,557 |
| | | <u>(29,472,905)</u> | <u>709,997</u> |
| (Decrease) / increase in operating liabilities | | | |
| Accrued and other liabilities | | (1,338,442) | 531,862 |
| | | <u>(1,338,442)</u> | <u>531,862</u> |
| Net cash (used) / generated from operating activities | | <u>(4,948,441)</u> | <u>13,073,974</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | 5.1 | (3,599,123) | (5,669,326) |
| Capital expenditure incurred | 5.2 | (6,567,791) | (4,410,499) |
| Proceed from disposal | | 63,401 | - |
| Purchase of intangibles | 6 | - | (29,564) |
| Purchase of investments | | - | (28,983,000) |
| Profit received on savings bank accounts | 20 | 2,046,802 | 1,323,296 |
| Net cash used in investing activities | | <u>(8,056,711)</u> | <u>(37,769,093)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| | | - | - |
| Net increase in cash and cash equivalent | | <u>(13,005,152)</u> | <u>(24,695,120)</u> |
| Cash and cash equivalent at the beginning of the year | | <u>109,904,557</u> | <u>134,599,677</u> |
| Cash and cash equivalent at the end of the year | 10 | <u><u>96,899,405</u></u> | <u><u>109,904,557</u></u> |

The annexed notes from 1 to 27 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR