



**Building a better
working world**

CYTE FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017**

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF CYTE FOUNDATION

Opinion

We have audited the accompanying financial statements of **CYTE Foundation** ("the Foundation") which comprise of the statement of financial position as at **30 June 2017** and Income and expenditure account for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of CYTE Foundation as at 30 June 2017, and of its financial performance for the year then ended in accordance with Accounting Standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

Basis of 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 Auditors' 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 Board of Governors are 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 for such internal control as the Board of Governors 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 Board of Governors 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 operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditors' 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 auditors' 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 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 the 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 auditors' 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 auditors' 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.



EY Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Abdullah Fahad Masood
Lahore: 18 February 2019

CYTE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

| | Note | 2017 | | Total | 2016 |
|--|------|----------------|----------------|------------------|------------------|
| | | Donation Fund | Zakat Fund | | |
| ----- Rupees ----- | | | | | |
| Non-current assets | | | | | |
| Equipment | 3 | 134,325 | - | 134,325 | 162,604 |
| Current assets | | | | | |
| Cash and bank balances | 4 | 54,613 | 853,267 | 907,880 | 830,708 |
| Prepayments | 5 | - | - | - | 276,850 |
| | | 54,613 | 853,267 | 907,880 | 1,107,558 |
| Total assets | | 188,938 | 853,267 | 1,042,205 | 1,270,162 |
| Less: Current liabilities | | | | | |
| Accrued expenses and other liabilities | 6 | 169,400 | - | 169,400 | 55,000 |
| Net assets | | 19,538 | 853,267 | 872,805 | 1,215,162 |
| Represented By: | | | | | |
| Surplus | | 19,538 | 853,267 | 872,805 | 1,215,162 |
| Accumulated Surplus | | 19,538 | 853,267 | 872,805 | 1,215,162 |

The annexed notes 1 to 9 form an integral part of these financial statements.

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 CHAIRMAN


 GENERAL SECRETARY


 TRUSTEE

**CYTE FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

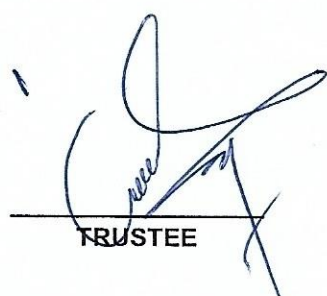
| | Note | 2017 | | Total | 2016 |
|-----------------------------------|------|------------------|------------------|------------------|------------------|
| | | Donation Fund | Zakat Fund | | |
| ----- Rupees ----- | | | | | |
| INCOME | | | | | |
| Donation | | 5,776,165 | - | 5,776,165 | 2,855,135 |
| Zakat | | - | 1,314,920 | 1,314,920 | 827,987 |
| Membership fee | | 7,500 | - | 7,500 | 287,500 |
| Total Income | | 5,783,665 | 1,314,920 | 7,098,585 | 3,970,622 |
| EXPENDITURE | | | | | |
| Tuition fee | 7 | 5,128,843 | 776,670 | 5,905,513 | 4,049,429 |
| Travelling and lodging expense | | 152,421 | - | 152,421 | 83,552 |
| Web designing and domain charges | | 32,180 | - | 32,180 | 5,280 |
| Printing and stationery expense | | 43,194 | - | 43,194 | 56,841 |
| Communication charges | | 22,600 | - | 22,600 | 22,690 |
| Salaries expense | | 708,550 | - | 708,550 | 324,733 |
| Courier charges | | 5,380 | - | 5,380 | - |
| Advertising expense | | 130,446 | - | 130,446 | 98,684 |
| Bank charges | | 28,748 | - | 28,748 | 7,347 |
| Audit fee | | 30,000 | - | 30,000 | 30,000 |
| Depreciation | 3 | 31,279 | - | 31,279 | 12,005 |
| Electricity and telephone expense | | 57,660 | - | 57,660 | - |
| Other expenses | | 269,237 | - | 269,237 | 24,975 |
| Insurance expense | | 1,917 | - | 1,917 | - |
| Repair and maintenance | | 7,450 | - | 7,450 | - |
| Office expense | | 14,367 | - | 14,367 | 13,220 |
| Total Expenditure | | 6,664,272 | 776,670 | 7,440,942 | 4,728,756 |
| Deficit for the year | | (880,607) | 538,250 | (342,357) | (758,134) |
| Opening surplus | | 900,145 | 315,017 | 1,215,162 | 1,973,296 |
| Closing surplus | | 19,538 | 853,267 | 872,805 | 1,215,162 |

The annexed notes 1 to 9 form an integral part of these financial statements.

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CHAIRMAN


GENERAL


TRUSTEE

**CYTE FOUNDATION
CASH FLOW STATEMENT
AS AT 30 JUNE 2017**

| | <u>Note</u> | <u>2017</u> <u>(Rupees)</u> | <u>2016</u> <u>(Rupees)</u> |
|---|-------------|--------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Deficit for the year | | (342,357) | (758,134) |
| Adjustments for: | | | |
| -Depreciation | | 31,279 | 12,005 |
| Deficit before working capital changes | | <u>(311,078)</u> | <u>(746,129)</u> |
| Decrease / (Increase) in current assets | | | |
| Prepayments | | 276,850 | (276,850) |
| Increase in current liabilities | | | |
| Accrued and other liabilities | | 114,400 | 14,070 |
| NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES | | <u>80,172</u> | <u>(1,008,909)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Property and equipment purchased | 3 | (3,000) | (142,997) |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>(3,000)</u> | <u>(142,997)</u> |
| NET CASH GENERATED FROM FINANCING ACTIVITIES | | - | - |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | | 77,172 | (1,151,906) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 830,708 | 1,982,614 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | <u>907,880</u> | <u>830,708</u> |

The annexed notes 1 to 8 form an integral part of these financial statements.


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CHAIRMAN



GENERAL SECRETARY



TRUSTEE

**CYTE FOUNDATION
STATEMENT OF CHANGES IN FUNDS
AS AT 30 JUNE 2017**

| | <u>Accumulated Funds (Rupees)</u> |
|-----------------------------------|---|
| Balance as at 01 July 2015 | 1,973,296 |
| Deficit for the year | (758,134) |
| Balance as at 30 June 2016 | <u>1,215,162</u> |
| Deficit for the year | (342,357) |
| Balance as at 30 June 2017 | <u><u>872,805</u></u> |

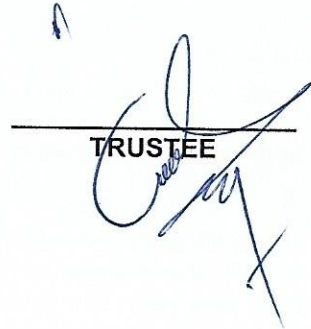
The annexed notes 1 to 8 form an integral part of these financial statements. E47r



CHAIRMAN

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GENERAL SECRETARY



TRUSTEE

CYTE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 STATUS AND NATURE OF ACTIVITIES

CYTE Foundation (hereinafter referred to as "the Foundation") was incorporated in Pakistan and registered under Societies Registration Act, XXI of 1860 in 2013 as Non-Governmental Organization (NGO). Its core objective is to financially enable under-privileged children to have the right to quality education. CYTE Foundation is striving to contribute positively in the development of the country by "Changing Youth Through Education".

The registered office of the Foundation is situated at Sugyan Khuda Yar, Park View Scheme, Waterland Road Near Mahar Estate Agency Shahdara, Lahore, Pakistan.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Accounting Standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Presentation currency

These financial statements are presented in Pak Rupee, which is the Foundation's functional currency. Figures have been rounded off to the nearest Pak Rupee.

2.3 Operating fixed assets

These are stated at historical cost less accumulated depreciation and impairment, if any. Depreciation on assets is charged to income using straight line method whereby the cost of the asset is written off over its estimated useful life. Depreciation on additions to property and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Asset residual value and useful life are reviewed and adjusted if appropriate, at each balance sheet date. An assets carrying amount is written down immediately to its recoverable amount if the asset carrying amount is greater than its estimated recoverable amount. Subsequent cost are included in the asset carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably. All other repair and maintenance cost are charge to profit and loss account during the year in which these are incurred.

The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of an asset, is recognized as an income or an expense.

2.4 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprises of cheques in hand, cash and bank balances. The cash and cash equivalents are subject to insignificant risk of changes in value.

2.5 Revenue recognition

Donation, Zakat and the life time membership fee income are recognized on actual basis.

2.6 Accrued Liabilities

These are stated initially at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Foundation.

2.7 Taxation - Current

The Foundation is approved as a non-profit organization under section 2(36) of Income tax Ordinance 2001 (the Ordinance) by the Commissioner of Inland Revenue, therefore its income is exempt from tax under section 100C of the Ordinance. The society is also exempt from levy of minimum tax under section 113 vide clause 11A of Part IV, Second Schedule of Income Tax Ordinance, 2001, therefore, no provision has been made in these financial statements.

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3 PROPERTY AND EQUIPMENT

| 2017 | COST | | DEPRECIATION | | NET BOOK VALUE | |
|------|-----------------------|-----------------------|--|--|--------------------------------------|-----------------------|
| | As at 01 July 2016 | As at 30 June 2017 | Accumulated as at 01 July 2016 (Rupees) | Charge for the year for the year | Accumulated as at 30 June 2017 | As at 30 June 2017 |

OWNED ASSETS

| | | | | | | | |
|------------------|----------------|----------------|---------------|---------------|---------------|----------------|-----|
| Fixtures | 47,200 | 47,200 | 7,731 | 4,720 | 12,451 | 34,749 | 10% |
| Office equipment | 131,297 | 134,297 | 8,162 | 26,559 | 34,721 | 99,576 | 20% |
| | <u>178,497</u> | <u>181,497</u> | <u>15,893</u> | <u>31,279</u> | <u>47,172</u> | <u>134,325</u> | |

| 2016 | COST | | DEPRECIATION | | NET BOOK VALUE | |
|------|-----------------------|-----------------------|--|--|--------------------------------------|-----------------------|
| | As at 01 July 2015 | As at 30 June 2016 | Accumulated as at 01 July 2015 (Rupees) | Charge for the year for the year | Accumulated as at 30 June 2016 | As at 30 June 2017 |

OWNED ASSETS

| | | | | | | | |
|------------------|---------------|----------------|--------------|---------------|---------------|----------------|-----|
| Fixtures | 35,500 | 47,200 | 3,888 | 3,843 | 7,731 | 39,469 | 10% |
| Office equipment | - | 131,297 | - | 8,162 | 8,162 | 123,135 | 20% |
| | <u>35,500</u> | <u>142,997</u> | <u>3,888</u> | <u>12,005</u> | <u>15,893</u> | <u>162,604</u> | |

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| | 2017 | | | 2016 Rupees |
|---|------------------|-------------------------|----------------|----------------|
| | Donation Fund | Zakat Fund Rupees | Aggregate | |
| 4 CASH AND BANK BALANCE | | | | |
| Cash in hand | - | - | - | - |
| Cash at bank - current Account | 54,613 | 853,267 | 907,880 | 830,708 |
| | <u>54,613</u> | <u>853,267</u> | <u>907,880</u> | <u>830,708</u> |
| 5 PREPAYMENTS | | | | |
| No prepayments exists at year end. | | | | |
| 6 ACCRUED EXPENSES AND OTHER LIABILITIES | | | | |
| Salaries payable | - | - | - | 25,000 |
| Tuition Fee payable | 119,400 | - | 119,400 | - |
| Audit fee | 50,000 | - | 50,000 | 30,000 |
| | <u>169,400</u> | <u>-</u> | <u>169,400</u> | <u>55,000</u> |
| 7 TUITION FEE | | | | |

There are total 12 schools (2016: 12 Schools) registered with the CYTE Foundation, where monthly fee for selected students is paid directly to these schools.

Registration of Shahid Memorial Public School was terminated in the prior year. Further Habib Lyceum School is terminated during the year.

| | Note | NO. OF ACTIVE STUDENTS | | 2017 | | | 2016 Rupees |
|------------------------------------|------|------------------------|------------|------------------|-------------------------|------------------|------------------|
| | | 2017 | 2016 | Donation Fund | Zakat Fund Rupees | Aggregate | |
| The Smart School | | 24 | 32 | 196,600 | 69,300 | 265,900 | 320,900 |
| Bright Way Public Middle School | | 48 | 40 | 234,990 | 34,500 | 269,490 | 215,600 |
| Shahid Memorial Public School | | - | 73 | - | - | - | 222,540 |
| Tahira Educational Grammar School | | 60 | 60 | 324,000 | 30,000 | 354,000 | 292,000 |
| Onward Public High School System | | 43 | 57 | 250,200 | 51,300 | 301,500 | 338,050 |
| Ask Public School | | 52 | 52 | 424,000 | 84,800 | 508,800 | 130,205 |
| Ayesha Educational School System | | 50 | 50 | 150,000 | 30,000 | 180,000 | 90,000 |
| EFA School System | | 53 | 20 | 283,800 | 38,400 | 322,200 | 43,200 |
| Habib Lyceum | | 55 | 54 | 230,300 | - | 230,300 | 134,000 |
| Lahore Public Girls High School | | 100 | 37 | 251,000 | 96,000 | 347,000 | 156,000 |
| Noor-e-Ilm School | | 30 | 37 | 146,000 | 46,000 | 192,000 | 153,000 |
| The Country School | | 25 | - | 312,600 | 32,500 | 345,100 | - |
| Quaid Public High School | | 80 | 80 | 362,700 | 179,900 | 542,600 | 206,570 |
| School fee, tuition fee and others | 7.1 | 63 | 82 | 1,962,653 | 83,970 | 2,046,623 | 1,747,364 |
| | | <u>683</u> | <u>674</u> | <u>5,128,843</u> | <u>776,670</u> | <u>5,905,513</u> | <u>4,049,429</u> |

7.1 This relates to the school fee paid for individual students studying in unregistered schools, academies and universities.


| 8 NUMBER OF EMPLOYEES | 2017 | 2016 |
|--|------|------|
| The total number of employees at the Foundation. | 3 | 2 |

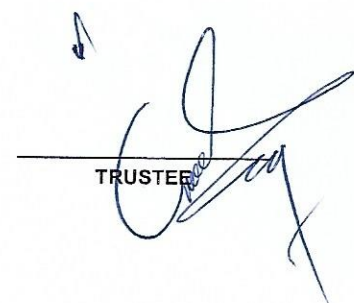
9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue by the Governing Body on _____

24/7/


CHAIRMAN


GENERAL SECRETARY


TRUSTEE