

## INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF CYTE FOUNDATION

### Opinion

We have audited the accompanying financial statements of CYTE Foundation ('the Foundation'), which comprise the statement of financial position as at 30 June 2019 and the income & expenditure account, statement of changes in fund, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies ('hereinafter referred to as the financial statements')

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CYTE foundation as at 30 June 2019, and its financial performance and 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 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 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 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 Company 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:

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- 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.




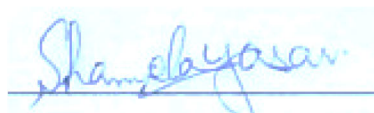
Chartered Accountants  
Audit Engagement Partner: Abdullah Fahad Masood  
Lahore: 7 May 2020

**CYTE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

		2019			
	Note	Donation Fund	Zakat Fund	Total	2018
		----- Rupees -----			
Non-current assets					
Equipment	3	915,929	-	915,929	116,746
Long term security deposit		240,000	-	240,000	-
Current assets					
Cash and bank balances	4	731,979	2,712,613	3,444,592	3,337,620
Total assets		1,887,908	2,712,613	4,600,521	3,454,366
Less: Current liabilities					
Accrued expenses and other liabilities	5	280,000	-	280,000	205,020
Net assets		1,607,908	2,712,613	4,320,521	3,249,346
Represented By:					
Accumulated Surplus		1,607,908	2,712,613	4,320,521	3,249,346

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

  
Yasar Rashid  
**CHAIRMAN**

  
**GENERAL SECRETARY**

**CYTE FOUNDATION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

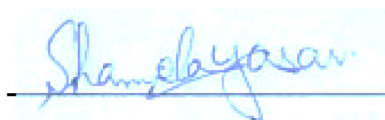
		2019			
	Note	Donation Fund	Zakat Fund	Total	2018
		----- Rupees -----			
INCOME					
Donation	6	9,502,633	-	9,502,633	7,428,621
Zakat		-	2,159,000	2,159,000	1,412,196
Membership fee		-	-	-	5,000
Total Income		9,502,633	2,159,000	11,661,633	8,845,817
EXPENDITURE					
Tuition fee	7	5,672,835	1,216,700	6,889,535	5,110,822
Travelling and lodging expense		178,485	-	178,485	32,477
Web designing and domain charges		19,762	-	19,762	3,330
Printing and stationery expense		86,968	-	86,968	31,615
Communication charges		-	-	-	3,200
Salaries expense		1,113,680	-	1,113,680	696,080
Courier charges		6,970	-	6,970	4,080
Advertising expense		1,074,711	-	1,074,711	12,000
Bank charges		67,332	-	67,332	26,267
Audit fee		150,000	-	150,000	80,000
Depreciation	3	64,227	-	64,227	33,579
Other expenses		11,385	-	11,385	29,917
Repair and maintenance		46,090	-	46,090	-
Office expense		178,952	-	178,952	9,710
Project expenses		467,351	-	467,351	396,199
Event expense		185,010	-	185,010	-
Legal & professional charges		50,000	-	50,000	-
Total Expenditure		9,373,758	1,216,700	10,590,458	6,469,276
Surplus for the year		128,875	942,300	1,071,175	2,376,541

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



Yasar Rashid

**CHAIRMAN**



**GENERAL SECRETARY**

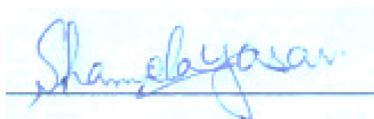
**CYTE FOUNDATION**  
**CASH FLOW STATEMENT**  
**AS AT 30 JUNE 2019**

	<u>Note</u>	<u>2019</u> <u>(Rupees)</u>	<u>2018</u> <u>(Rupees)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		1,071,175	2,376,541
Adjustments for:			
-Depreciation	3	64,227	33,579
<b>Surplus before working capital changes</b>		<u>1,135,402</u>	<u>2,410,120</u>
Increase in long term security deposit		(240,000)	-
Increase in accrued and other liabilities	5	74,980	35,620
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<u>970,382</u>	<u>2,445,740</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Equipment purchased	3	(863,410)	(16,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(863,410)</u>	<u>(16,000)</u>
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		106,972	2,429,740
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		3,337,620	907,880
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	4	<u><u>3,444,592</u></u>	<u><u>3,337,620</u></u>

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

  
Yasar Rashid

**CHAIRMAN**



**GENERAL SECRETARY**

**CYTE FOUNDATION**  
**STATEMENT OF CHANGES IN FUNDS**  
**AS AT 30 JUNE 2019**

	<b>Donation (Rupees)</b>	<b>Zakat (Rupees)</b>	<b>Total (Rupees)</b>
Balance as at 30 June 2017	19,538	853,267	872,805
Surplus for the year	1,459,495	917,046	2,376,541
<b>Balance as at 30 June 2018</b>	<b>1,479,033</b>	<b>1,770,313</b>	<b>3,249,346</b>
<b>Surplus for the year</b>	<b>128,875</b>	<b>942,300</b>	<b>1,071,175</b>
<b>Balance as at 30 June 2019</b>	<b>1,607,908</b>	<b>2,712,613</b>	<b>4,320,521</b>

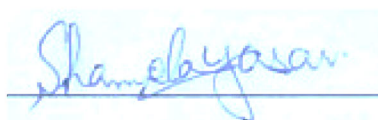
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2470



Yasar Rashid

**CHAIRMAN**



**GENERAL SECRETARY**



# **CYTE FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2019**

#### **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 (ICAP).

##### **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 life time membership fee income are recognized on receipt 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 EQUIPMENT

	COST			DEPRECIATION			Net Book Value	
	As at 01 July 2018	Additions	As at 30 June 2019	Accumulated as at 01 July 2018	Charge for the year	Accumulated as at 30 June 2019	As at 30 June 2019	Depreciation Rate
2019	(Rupees)							%
OWNED ASSETS								
Fixtures	55,200	739,430	794,630	17,571	29,205	46,776	747,854	10%
Office equipment	142,297	123,980	266,277	63,180	35,022	98,202	168,075	20%
	<u>197,497</u>	<u>863,410</u>	<u>1,060,907</u>	<u>80,751</u>	<u>64,227</u>	<u>144,978</u>	<u>915,929</u>	
	COST			DEPRECIATION			Net Book Value	
	As at 01 July 2017	Additions	As at 30 June 2018	Accumulated as at 01 July 2017	Charge for the year	Accumulated as at 30 June 2018	As at 30 June 2018	Depreciation Rate
2018	(Rupees)							%
OWNED ASSETS								
Fixtures	47,200	8,000	55,200	12,451	5,120	17,571	37,629	10%
Office equipment	134,297	8,000	142,297	34,721	28,459	63,180	79,117	20%
	<u>181,497</u>	<u>16,000</u>	<u>197,497</u>	<u>47,172</u>	<u>33,579</u>	<u>80,751</u>	<u>116,746</u>	

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	Note	2019			2018 Rupees
		Donation Fund	Zakat Fund Rupees	Aggregate	
<b>4 CASH AND BANK BALANCE</b>					
Cash at bank - current account		<u>731,979</u>	<u>2,712,613</u>	<u>3,444,592</u>	<u>3,337,620</u>
<b>5 ACCRUED EXPENSES AND OTHER LIABILITIES</b>					
Salaries payable		-	-	-	75,020
Audit fee		<u>280,000</u>	<u>-</u>	<u>280,000</u>	<u>130,000</u>
		<u>280,000</u>	<u>-</u>	<u>280,000</u>	<u>205,020</u>

**6 DONATION**

Donation includes amount received from KFC and Shahid Afridi Foundation (SAF) under an agreement.

**7 TUITION FEE**

There are total 17 schools (2018: 12 Schools) registered with the CYTE Foundation, where monthly fee for selected students is paid directly to these schools.

	Note	No. of Active Students		2019			2018 Rupees
		2019	2018	Donation Fund	Zakat Fund Rupees	Aggregate	
The Smart School		19	23	127,800	82,400	210,200	101,400
Bright Way Public Middle School		28	28	67,000	145,000	212,000	201,500
Tahira Educational Grammar School		40	57	163,950	156,000	319,950	181,500
Lahore Public Girls High School		150	100	786,300	-	786,300	480,000
School fee, tuition fee and others	7.1	45	41	1,285,005	-	1,285,005	1,881,922
Aman Public School		20	-	-	24,000	24,000	-
The High Achievers School		25	-	52,500	122,500	175,000	-
Iqra Community Model School (AJK)		50	-	-	60,000	60,000	-
Mohai Ud Din Model Public School (AJK)		50	-	-	40,000	40,000	-
Mustafai Model School		25	-	10,000	110,000	120,000	-
Nauman Public School (AJK)		10	-	-	13,200	13,200	-
Al-Noor Model Science College (AJK)		50	-	-	60,000	60,000	-
Rising Public School (AJK)		25	-	-	70,000	70,000	-
Shaheen Public School Jandar sari (AJK)		25	-	-	70,000	70,000	-
University Model Public School (AJK)		25	-	-	50,000	50,000	-
SAF Malik Pur Campus		313	-	3,052,280	-	3,052,280	-
Al-Firdous Welfare Association		129	-	128,000	153,600	281,600	-
Al-Suffah School (KPK)		50	-	-	60,000	60,000	-
Onward Public High School System		-	30	-	-	-	168,300
Ask Public School		-	52	-	-	-	84,800
EFA School System		-	-	-	-	-	200
Noor e Ilm School		-	30	-	-	-	30,000
The Country School		-	25	-	-	-	327,500
Quaid Public High School		-	293	-	-	-	1,653,700
		<u>1,079</u>	<u>1,109</u>	<u>5,672,835</u>	<u>1,216,700</u>	<u>6,889,535</u>	<u>5,110,822</u>

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

6474

**8 NUMBER OF EMPLOYEES**

The total number of employees at the Foundation.

<u>2019</u>	<u>2018</u>
<u>6</u>	<u>4</u>

**9 DATE OF AUTHORIZATION FOR ISSUE**


These financial statements were approved and authorized for issue by the Governing Body on 07 May 2020.

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Yasar Rashid

**CHAIRMAN**



**GENERAL SECRETARY**