

## **INDEPENDENT AUDITOR'S REPORT**

### **To the trustees of CYTE Foundation**

### **Report on the Audit of the Financial Statements for the year ended 30 June 2021**

#### **Opinion**

We have audited the accompanying financial statements of **CYTE foundation ('the Foundation')**, which comprise the statement of financial position as at 30 June 2021 and the income and expenditure account, statement of changes in funds 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 CYTE Foundation as at 30 June 2021, and 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 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 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 for such internal control as Board of Governors 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.

Board of governors 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

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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.
- 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: 26 January 2022**

**CYTE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

Note	2021			2020	
	Donation Fund	Zakat Fund	Total		
----- (Rupees) -----					
<b>Non-current assets</b>					
Property and equipment	4	1,491,529	-	1,491,529	1,619,434
Intangible assets	5	50,000	-	50,000	-
Long-term security deposit		240,000	-	240,000	240,000
<b>Current assets</b>					
Due from the Government	6	435,613	-	435,613	-
Deposits and other receivables	7	4,500	-	4,500	-
Cash and bank balances	8	11,906,053	2,972,371	14,878,424	19,691,566
<b>Total assets</b>		<b>14,127,695</b>	<b>2,972,371</b>	<b>17,100,066</b>	<b>21,551,000</b>
<b>Less: Current liabilities</b>					
Accrued expenses and other liabilities	9	1,397,565	-	1,397,565	2,780,576
<b>Net assets</b>		<b>12,730,130</b>	<b>2,972,371</b>	<b>15,702,501</b>	<b>18,770,424</b>
<b>Represented By:</b>					
Accumulated surplus		<b>12,730,130</b>	<b>2,972,371</b>	<b>15,702,501</b>	<b>18,770,424</b>

The annexed notes 1 to 14 form an integral part of these financial statements.

  
 CHAIRMAN

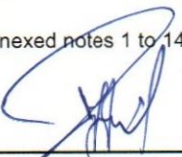
  
 GENERAL SECRETARY

  
 TRUSTEE

**CYTE FOUNDATION  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2021**

Note	2021		Total	2020	
	Donation Fund	Zakat Fund			
----- (Rupees) -----					
<b>INCOME</b>					
Donation	10	27,194,125	-	27,194,125	36,852,330
Zakat		-	1,461,909	1,461,909	1,908,813
<b>Total Income</b>		<b>27,194,125</b>	<b>1,461,909</b>	<b>28,656,034</b>	<b>38,761,143</b>
<b>EXPENDITURE</b>					
<b>Administrative and management expenses</b>					
Office rent		838,500	-	838,500	715,000
Salaries expense		1,102,173	-	1,102,173	1,601,247
Audit fee		174,000	-	174,000	150,000
Depreciation of property and equipment	4	358,562	-	358,562	225,495
Amortization of intangible assets	5	10,000	-	10,000	-
Utilities		337,749	-	337,749	150,135
Repair and maintenance		93,879	-	93,879	139,905
Office expense		257,091	-	257,091	369,935
Legal and professional charges		309,278	-	309,278	97,500
Internet and mobile charges		68,661	-	68,661	-
		<b>3,549,893</b>	<b>-</b>	<b>3,549,893</b>	<b>3,449,217</b>
<b>Program costs</b>					
Tuition fee	11	14,521,731	2,016,025	16,537,756	14,923,659
Salaries expense		2,627,234	-	2,627,234	1,810,626
Travelling and lodging expense		490,199	-	490,199	177,979
Web designing and domain charges		7,464	-	7,464	-
Repair and maintenance		1,773,170	-	1,773,170	36,545
Printing and stationery expense		919,468	-	919,468	198,020
Courier charges		150,327	-	150,327	172,368
Advertising expense		136,000	-	136,000	34,530
Bank charges		13,697	-	13,697	108,096
Other expenses		9,090	-	9,090	6,000
Project expenses	12	3,849,300	-	3,849,300	3,078,120
Event expense		175,904	-	175,904	316,080
Office rent		20,000	-	20,000	-
Fuel Charges		30,412	-	30,412	-
Loss on sale of disposal of property and equipment		222,043	-	222,043	-
School construction expense		1,212,000	-	1,212,000	-
		<b>26,158,039</b>	<b>2,016,025</b>	<b>28,174,064</b>	<b>20,862,023</b>
<b>Total expenditure</b>		<b>29,707,932</b>	<b>2,016,025</b>	<b>31,723,957</b>	<b>24,311,240</b>
<b>(Deficit) / Surplus</b>	<b>A</b>	<b>(2,513,807)</b>	<b>(554,116)</b>	<b>(3,067,923)</b>	<b>14,449,903</b>
<b>Restricted funds</b>	<b>B</b>	<b>1,761,000</b>	<b>-</b>	<b>1,761,000</b>	<b>13,380,127</b>
<b>(Deficit) / Surplus for the year</b>	<b>C=A-B</b>	<b>(4,274,807)</b>	<b>(554,116)</b>	<b>(4,828,923)</b>	<b>1,069,776</b>

The annexed notes 1 to 14 form an integral part of these financial statements.

  
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CHAIRMAN

  
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GENERAL SECRETARY

  
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**CYTE FOUNDATION  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 30 JUNE 2021**

	<u>Donation</u>	<u>Zakat</u>	<u>Total</u>
	----- (Rupees) -----		
Balance as at 01 July 2019	1,607,908	2,712,613	4,320,521
Surplus for the year	255,902	813,874	1,069,776
Restricted funds	13,380,127	-	13,380,127
Balance as at 30 June 2020	<u>15,243,937</u>	<u>3,526,487</u>	<u>18,770,424</u>
(Deficit) / Surplus for the year	<b>(4,274,807)</b>	<b>(554,116)</b>	<b>(4,828,923)</b>
Restricted funds	<b>1,761,000</b>	-	<b>1,761,000</b>
Balance as at 30 June 2021	<u><b>12,730,130</b></u>	<u><b>2,972,371</b></u>	<u><b>15,702,501</b></u>

The annexed notes 1 to 14 form an integral part of these financial statements.

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CHAIRMAN

  
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GENERAL SECRETARY

  
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**CYTE FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 (Rupees)	2020 (Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Deficit) for the year		(3,067,923)	14,449,903
Adjustments for:			
- Loss on disposal of Property and equipment		222,043	-
- Depreciation on property and equipment	4	358,562	225,495
- Amortization on intangible assets	5	10,000	-
<b>Surplus before working capital changes</b>		<b>(2,477,318)</b>	<b>14,675,398</b>
<b>WORKING CAPITAL CHANGES</b>			
<b>Decrease / (Increase) in current assets</b>			
Deposits and other receivables	7	(4,500)	-
<b>Increase / (decrease) in current liabilities</b>			
Decrease in accrued and other liabilities	9	(1,383,011)	2,500,576
<b>NET CASH USED IN / GENERATED FROM OPERATIONS</b>		<b>(3,864,829)</b>	<b>17,175,974</b>
Income tax paid		(435,613)	-
<b>NET CASH USED IN / GENERATED FROM OPERATING ACTIVITIES</b>		<b>(4,300,442)</b>	<b>17,175,974</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property and equipment purchased	4	(1,902,700)	(944,000)
Intangible purchased	5	(60,000)	-
Proceeds from sale of equipment	4	1,450,000	15,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(512,700)</b>	<b>(929,000)</b>
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,813,142)</b>	<b>16,246,974</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>19,691,566</b>	<b>3,444,592</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	<b>14,878,424</b>	<b>19,691,566</b>

The annexed notes 1 to 14 form an integral part of these financial statements.

  
CHAIRMAN

  
GENERAL SECRETARY

  
TRUSTEE

**CYTE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**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 255 MB, J Block Phase VI, DHA, Lahore, Pakistan.

**2 BASIS FOR PREPERATION AND STATEMENT OF COMPLIANCE**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with Accounting Standards for Not for Profit Organizations (NPOs) and Accounting and Financial Reporting Standards for Small Sized Entities (AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as applicable in Pakistan.

**2.2 Basis of measurement**

These financial statements have been prepared under historical cost convention.

**2.3 Functional and 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, Unless otherwise stated.

**3 Summary of significant accounting policies**

**3.1 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's residual value and useful life are reviewed and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Subsequent costs 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 income and expenditure 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.

**3.2 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.

**3.3 Revenue recognition**

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

**3.4 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.

**3.5 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 foundation 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 -purpose financial statements.

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**CYTE FOUNDATION**

**4 PROPERTY AND EQUIPMENT**

2021	COST			DEPRECIATION			Net Book Value		
	As at 01 July 2020	Additions	Disposals	As at 30 June 2021	Charge for the year	Accumulated on disposal	Accumulated as at 30 June 2021	As at 30 June 2021	Depreciation Rate %
<b>OWNED ASSETS</b>									
Fixtures	1,119,230	110,300	-	1,229,530	117,235	-	258,584	970,946	10%
Office equipment	870,677	62,700	-	933,377	183,670	-	412,794	520,583	20%
Vehicle	-	1,729,700	(1,729,700)	-	57,657	(57,657)	-	-	20%
	<u>2,004,907</u>	<u>1,902,700</u>	<u>(1,729,700)</u>	<u>2,162,907</u>	<u>358,562</u>	<u>(57,657)</u>	<u>671,378</u>	<u>1,491,529</u>	
<b>2020</b>									
<b>OWNED ASSETS</b>									
	As at 01 July 2019	Additions	Disposals	As at 30 June 2020	Charge for the year	Accumulated on disposal	Accumulated as at 30 June 2020	As at 30 June 2020	Depreciation Rate %
Fixtures	794,630	324,600	-	1,119,230	94,573	-	141,349	977,881	10%
Office equipment	266,277	619,400	(15,000)	870,677	130,922	-	229,124	641,553	20%
	<u>1,060,907</u>	<u>944,000</u>	<u>(15,000)</u>	<u>2,004,907</u>	<u>225,495</u>	<u>-</u>	<u>370,473</u>	<u>1,619,434</u>	

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**CYTE FOUNDATION**

5 INTANGIBLE ASSETS	Note	2021	2020
		Rupees	
<b>Cost</b>			
As at 1 July		-	-
Additions during the year	5.1	60,000	-
As at 30 June		60,000	-
<b>Amortization</b>			
As at 1 July		-	-
Amortization charged during the year		10,000	-
As at 30 June		10,000	-
<b>Net book value</b>		50,000	-
<b>Amortization rate</b>		20%	-

5.1 The addition in intangible assets represents quickbooks liscence purchased during the year.

**6 DUE FROM THE GOVERNMENT**

This includes withholding tax dedcuted at source and advance income tax deducted on electricity bills.

**7 DEPOSITS AND OTHER RECEIVABLES**

This pertains to advance deposited against mobilink post paid sim card for office use.

8 CASH AND BANK BALANCE	2021			2020
	Donation Fund	Zakat Fund	Aggregate	
	(Rupees)			
Cash in hand	12	-	12	21,084
Cash at bank - current account	11,906,041	2,972,371	14,878,412	19,670,482
	11,906,053	2,972,371	14,878,424	19,691,566

**9 ACCRUED EXPENSES AND OTHER LIABILITIES**

Salaries and others payable	129,465	-	129,465	415,876
Tuition fee payable	965,700	-	965,700	2,062,300
Audit fee	302,400	-	302,400	302,400
	1,397,565	-	1,397,565	2,780,576

**10 DONATION**

This includes amounts received from KFC and Shahid Afridi Foundation (SAF) under agreement.

**11 TUITION FEE**

There are total 20 schools (2020: 20 Schools) registered with the CYTE Foundation, where monthly fee for selected students is paid directly to these schools. Further, the foundation also pays monthly fee for selected students studying in unregistered schools, academies and universities.

Note	No. of Active Students		2021			2020	
	2021	2020	Donation Fund	Zakat Fund	Aggregate		
	(Rupees)						
The Smart School	5	8	90,120	-	90,120	201,100	
Bright Way Public Middle School	75	75	54,800	365,200	420,000	381,000	
Tahira Educational Grammar School	30	22	-	154,400	154,400	216,730	
Lahore Public Girls High School	100	100	828,000	-	828,000	852,000	
The High Achievers School	-	25	-	-	-	185,000	
Iqra Community Model School (AJK)	50	50	9,120	104,880	114,000	150,000	
Mohai Ud Din Model Public School (AJK)	150	150	900,000	-	900,000	800,000	
Mustafai Model School	300	300	1,800,000	-	1,800,000	1,550,000	
Nauman Public School (AJK)	50	50	18,400	95,600	114,000	94,009	
Al-Noor Model Science College (AJK)	350	350	2,100,000	-	2,100,000	1,800,000	
Rising Public School (AJK)	25	40	51,040	6,960	58,000	99,000	
Shaheen Public School Jandar sari (AJK)	70	70	159,600	-	159,600	210,000	
University Model Public School (AJK)	50	50	18,240	95,760	114,000	150,000	
SAF Malik Pur Campus	380	380	4,332,000	-	4,332,000	4,101,150	
Al-Suffah School (KPK)	300	300	1,800,000	-	1,800,000	1,541,000	
Fatheen Learning Institue (KPK)	50	50	13,560	100,440	114,000	100,000	
Sana Model Public School (KPK)	300	300	1,800,000	-	1,800,000	1,500,000	
Broshal Model Girls School	-	35	12,600	-	12,600	70,000	
Rising Star Public School (AJK)	60	25	36,600	85,800	122,400	96,000	
Aims School and College (AJK)	50	-	78,000	-	78,000	-	
Fatima Kids Campus	23	-	41,200	226,200	267,400	-	
Al-Firdous Welfare Association	50	-	195,000	-	195,000	-	
School fee, tuition fee and others	11.1	27	40	183,451	780,785	964,236	826,670
		2,495	2,380	14,521,731	2,016,025	16,537,756	14,923,659

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**CYTE FOUNDATION**

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

**12 PROJECT EXPENSES**

This includes Rs. 2,242,300 (2020: Rs. 2,736,870) expenditure on the food distribution project and Rs. 794,000 (2020: Rs. Nil) on goat project in Azad Jammu and Kashmir.

**13 NUMBER OF EMPLOYEES**

The total number of employees at the Foundation.

2021	2020
12	7

**14 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved and authorized for issue by the Governing Body on 27-12-2021.

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CHAIRMAN



GENERAL SECRETARY



TRUSTEE