

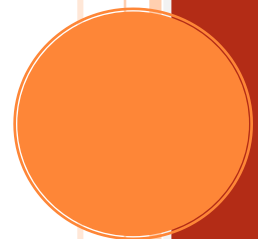


# INDUS CRAFTS FOUNDATION

*Annual Report 2013-2014*

[www.induscrafts.org](http://www.induscrafts.org)

Annual Report 2013-2014





# INDUS CRAFTS FOUNDATION

## FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

**Avais Hyder Liaquat Nauman**  
Chartered Accountants



## AUDITORS' REPORT TO THE MEMBERS

407, Progressive Plaza, Beaumont Road,  
Karachi-Pakistan.  
T: +92 (21) 3565 5975/6 F: +92 (21) 3565 5977  
W: www.ahin.com.pk

We have audited the annexed balance sheet of **Indus Crafts Foundation** as at **June 30, 2014** and the related profit and loss account, cash flow statement and statement of changes in general fund, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (c) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (d) in our opinion, the balance sheet, profit and loss account, cash flow statement and statement of changes in general fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and the profit for the year, its cash flows, and changes in general fund for the year then ended; and

### Other Offices at:

Lahore : +92 (42) 3587 2731/2/3  
Islamabad : +92 (51) 21 4096/7/8  
Faisalabad : +92 (41) 854 165, 854 1965  
Peshawar : +92 (91) 527 8310/527 7205  
Quetta : +92 (81) 282 9809

Avais Hyder Liaquat Nauman is a provisional member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Avais Hyder Liaquat Nauman  
Chartered Accountant



- (e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

*Avais*  
*Avais Hyder Liaquat Nauman*  
Chartered Accountants  
Karachi.  
Date: **6 FEB 2015**  
Engagement Partner: Adnan Zaman

**INDUS CRAFTS FOUNDATION  
BALANCE SHEET  
AS AT JUNE 30, 2014**

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	4	1,430,202	1,229,380
Long term investment	5	9,990,078	-
<b>Current assets</b>			
Stock in hand - finished handicrafts		875,710	229,830
Debtors, advances, deposits and other receivables	6	1,209,929	564,665
Advance tax		104,051	32,912
Cash and bank	7	2,769,698	2,366,512
		4,959,388	3,193,919
<b>Total assets</b>		<u>16,379,668</u>	<u>4,423,299</u>
<b>GENERAL FUND &amp; LIABILITY</b>			
General fund		1,381,904	342,070
Endowment fund		10,000,000	-
Deferred grant	8	4,319,787	3,953,336
<b>Current liabilities</b>			
Trade and other payables	9	415,590	60,650
Provision for taxation		262,387	67,243
		-	-
<b>Total funds and liabilities</b>		<u>16,379,668</u>	<u>4,423,299</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

  
Chairman

  
Director

**INDUS CRAFTS FOUNDATION  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	June 30, 2014 Rupees	June 04, 2012 to June 30, 2013 Rupees
<b>Income</b>			
Grants	8	4,493,549	2,767,873
<b>Expenditure</b>			
Donor's expenditure	10	(4,493,549)	(2,767,873)
Other operating expense		(75,000)	(40,000)
		(4,568,549)	(2,807,873)
Other income	11	1,377,221	449,313
Profit before taxation		1,302,221	409,313
<b>Taxation</b>			
- current		(313,544)	(67,243)
- prior		51,157	-
		(262,387)	(67,243)
<b>Profit after taxation</b>		<b>1,039,834</b>	<b>342,070</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

  
Chairman

  
Director

**INDUS CRAFTS FOUNDATION  
STATEMENT OF CHANGES IN GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Profit for the period	Total
	----- Rupees -----		
<b>Balance as at June 4, 2012</b>	-	-	-
Profit for the period	-	342,070	-
Transfer to general fund	342,070	(342,070)	342,070
<b>Balance as at June 30, 2013</b>	<u>342,070</u>	-	<u>342,070</u>
Profit for the year	-	1,039,834	<b>1,039,834</b>
Transfer to general fund	1,039,834	(1,039,834)	-
<b>Balance as at June 30, 2014</b>	<u><u>1,381,904</u></u>	-	<u><u>1,381,904</u></u>

The annexed notes 1 to 13 form an integral part of these financial statements

  
Chairman

  
Director

**INDUS CRAFTS FOUNDATION  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	June 30, 2014 Rupees	June 04, 2012 to June 30, 2013 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,302,221	409,313
<b>Adjustment for non cash items:</b>			
Depreciation	4.1	298,527	73,506
		<u>1,600,748</u>	<u>482,819</u>
<b>Working capital changes</b>			
(Increase) in debtors, deposits ,advances and other receivable		(645,264)	(229,830)
(Increase) in stock in hand		(645,880)	(564,665)
Increase in accrued and other payable		354,940	60,650
		(936,205)	(733,845)
Tax paid		(138,382)	(32,912)
Grant utilized in operating activities	10	(4,493,549)	(2,767,873)
Net cash (used in) operating activities (A)		<u>(3,967,388)</u>	<u>(3,051,811)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Grant utilized for purchase of fixed asset		(499,349)	(1,302,886)
Investment made in Pakistan investment bonds		(9,990,078)	-
Net cash (used in) investing activities (B)		<u>(10,489,427)</u>	<u>(1,302,886)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant received from donors		4,860,000	6,721,209
Endowment fund received		10,000,000	-
Net cash generated from financing activities (C)		<u>14,860,000</u>	<u>6,721,209</u>
Net increase in cash and cash equivalents (A+B+C)		<u>403,186</u>	<u>2,366,512</u>
Cash and cash equivalents at the beginning of the year		2,366,512	-
Cash and cash equivalents at the end of the year		<u>2,769,698</u>	<u>2,366,512</u>

The annexed notes 1 to 13 form an integral part of these financial statements

  
Chairman

  
Director



**INDUS CRAFTS FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. STATUS AND NATURE OF BUSINESS**

Indus Crafts Foundation is a company limited by Guarantee, incorporated in Pakistan under section 42 of the Companies Ordinance 1984 on 4th June 2012. The company's registered office is located at Khairpur Mirs Sindh, Pakistan. The principal activity of the company is to promote handicrafts, poverty alleviation and women empowerment. The Organization is a not-for-profit association in accordance with section 42 of the Companies Ordinance, 1984.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the Accounting and Financial reporting standards for Small Sized Entities as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

**Significant Accounting Estimates and Judgments**

The preparation of financial statements is in conformity with the Accounting and Financial Reporting Standards for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

**3.2 Revenue recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably, on the following bases:

(a) Grant income

The grant is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

4 Property, plant and equipment

3.3

Year ended June 30, 2014

	Office equipments	Office furniture	Vehicles	Total
Opening net book values	314,988	161,193	753,199	1,229,380
Additions	499,349	-	-	499,349
Disposals	-	-	-	-
Depreciation charge	(108,230)	(37,105)	(153,193)	(298,527)
Closing net book values	706,107	124,088	600,006	1,430,202

3.4

At June 30, 2014

	Office equipments	Office furniture	Vehicles	Total
Cost	850,749	185,521	765,965	1,802,235
Accumulated depreciation	(144,642)	(61,433)	(165,969)	(372,033)
Net book value	706,107	124,088	600,006	1,430,202
Depreciation rates	25%	20%	20%	

3.5

Year ended June 30, 2013

	Office equipments	Office furniture	Vehicles	Total
Opening net book values	-	-	-	-
Additions	351,400	185,521	765,965	1,302,886
Disposals	-	-	-	-
Depreciation charge	(36,413)	(24,328)	(12,766)	(73,506)
Closing net book value	314,988	161,193	753,199	1,229,380

3.6

At June 30, 2013

	Office equipments	Office furniture	Vehicles	Total
Cost	351,400	185,521	765,965	1,302,886
Accumulated depreciation	(36,413)	(24,328)	(12,766)	(73,506)
Net book value	314,988	161,193	753,199	1,229,380
Depreciation rates	25%	20%	20%	

4.1 Depreciation charge has been allocated as follows:

3.7

	2014 Rupees	2013 Rupees
Development fund	80,324	44,088
NARA Fund	218,203	29,420
	298,527	73,506

3.8

3.9

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

		June 30, 2014	June 30, 2013
	Note	Rupees	Rupees
<b>5 Long term investment- held to maturity</b>			
Pakistan investment bonds	5.1	<u>9,990,078</u>	<u>-</u>
5.1 It carries rate of return at the rate of 11.25% per annum and its maturity period is for 3 years.			
		June 30, 2014	June 30, 2013
	Note	Rupees	Rupees
<b>6 Debtors, advances, deposits and other receivables</b>			
Debtors		43,900	18,400
Advances to staff		771,629	499,111
Accrued interest on investment		-	-
Security deposits		182,000	50,000
Prepaid rent		212,400	15,154
		<u>1,209,929</u>	<u>582,665</u>
Less: Bad debts written off		-	(18,000)
		<u>1,209,929</u>	<u>564,665</u>
<b>7 Cash and bank balances</b>			
Cash in hand		6,390	-
Cash at banks			
-savings account	7.1	<u>1,563,551</u>	<u>1,890,558</u>
-current account		<u>1,199,757</u>	<u>475,954</u>
		<u>2,763,308</u>	<u>2,366,512</u>
		<u>2,769,698</u>	<u>2,366,512</u>

7.1 Savings account carries interest rate ranging from 6.50% to 8% (2013: 6.50% to 8%) per annum.

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## 8. Deferred Grants

	NARA Fund 8.1	Development Fund 8.2	Total
	----- Rupees -----		
<b>Balance as at June 4, 2012</b>	-	-	-
Grants received from government	1,000,000	5,721,209	6,721,209
Grants utilized during the period	(1,036,807)	(1,731,066)	(2,767,873)
<b>Balance as at June 30, 2013</b>	<u>(36,807)</u>	<u>3,990,143</u>	<u>3,953,336</u>
Grants received from government	4,860,000	-	4,860,000
Grants utilized during the year	(3,900,199)	(593,350)	(4,493,549)
<b>Balance as at June 30, 2014</b>	<u><u>922,994</u></u>	<u><u>3,396,793</u></u>	<u><u>4,319,787</u></u>

- 8.1 This represents grant received from the Government of Sind for the purpose of development of the Handicrafts sector of Khairpur District.
- 8.2 This represents grant received from Government of Sind for the purpose of capacity building, handicraft promotion and development of handicraft sector of Khairpur District.

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	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>9 Trade and other payables</b>			
Auditors' fee		75,000	40,000
Payable to chief executive officer		12,000	2,000
With holding tax payable		22,684	14,368
Other payable		48,283	4,282
Salaries and wages payable		257,623	-
		<u>415,590</u>	<u>60,650</u>
			For the period
		June 30, 2014	June 04, 2012 to June 30, 2013
	Note	Rupees	Rupees
<b>10 Donor wise project expenditures</b>			
Development fund	10.1	593,350	1,731,086
NARA fund	10.2	3,900,199	1,036,807
		<u>4,493,549</u>	<u>2,767,893</u>
<b>10.1 Development fund</b>			
Salaries & wages		16,500	968,686
Office rent		-	374,508
Communication expenses		8,440	18,720
Exhibition expenses		-	21,256
Freight and transportation		-	21,640
Islamabad outlet expenses		-	1,437
Legal and professional fees		191,931	4,500
Office stationary		6,740	38,081
Office supplies		1,585	16,425
Depreciation	4.1	80,324	44,086
Packaging expenses		29,250	90
POL expenses		-	4,475
Postage, mailing service		12,994	6,624
Printing and copying		39,309	3,699
Utilities expenses		-	1,309
Advertising expenses		43,952	12,000
Bank charges		2,500	990
Office renovation		-	28,145
Staff development		-	8,900
Boarding and lodging		3,142	49,070
Local TA claims		-	990
Meeting and refreshments		10,645	11,222
Travel and parking		43,059	78,215
Bad debts written off		-	18,000
Penalties and fines		1,711	-
Miscellaneous expense		27,948	-
Sample development expense		73,320	-
		<u>593,350</u>	<u>1,731,066</u>

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	For the period		
	June 30, 2014	June 04, 2012 to June 30, 2013	
	Note	Rupees	Rupees
<b>10.2 NARA fund</b>			
Salaries & wages expenses		2,290,191	758,019
Office rent		401,480	111,620
Communication expenses		50,270	15,780
Freight and transportation		36,466	3,440
Islamabad outlet expenses		13,356	8,608
Office stationary		49,869	7,924
Office supplies		37,179	8,758
Depreciation	4.1	218,203	29,420
Packaging expenses		5,785	888
POL expenses		199,623	6,819
Postage, mailing service		26,287	9,762
Printing and copying		8,413	4,056
Repair & maintenance		50,755	10,290
Utilities expenses		61,694	23,162
Advertising expenses		-	7,000
Office renovation		9,375	4,400
Meeting and refreshments		43,034	17,691
Travel and parking		206,885	9,170
Staff development		91,185	-
Boarding and lodging		10,534	-
Miscellaneous expense		444	-
Exhibition expenses		62,810	-
Sample development Expense		26,361	-
		<u>3,900,199</u>	<u>1,036,807</u>
<b>11 Other income</b>			
Interest income on PLS account		442,862	329,120
Profit on Pakistan investment bonds		559,751	-
Income from sales of handicraft - Net	11.1	374,608	120,193
		<u>1,377,221</u>	<u>449,313</u>
<b>11.1 Income from sales of handicraft - Net</b>			
Sales		847,179	507,936
Less: Cost of sales			
Opening balances		387,743	-
Purchases		960,538	617,573
Closing balances		(875,710)	(229,830)
		<u>(472,571)</u>	<u>(387,743)</u>
		<u>374,608</u>	<u>120,193</u>
<b>12. General</b>			

All the figures have been rounded off to the nearest rupees.

*Handwritten signature*

13. Date of authorization for issue

These financial statements were authorized for issue on 16 FEB 2015 by the Board of Directors of the Company.

  
Chairman

*Mu*

  
Director



## **ADDRESS**

**Suite 16, 2<sup>nd</sup> Floor , Syed Ramazan Shah  
Trade Center, Opp Civic Center, Mall Road,  
Khairpur Mir's Sindh**

**Ph.: 0243-714784**

**Email: [info@induscrafts.org](mailto:info@induscrafts.org)**

**Web; [www.induscrafts.org](http://www.induscrafts.org)**