

**FINANCIAL STATEMENTS
OF
PROFESSIONAL EDUCATION FOUNDATION
FOR THE YEAR ENDED JUNE 30, 2019**

Independent Auditor's Report to the Trustees

We have audited the annexed financial statements of Professional Education Foundation, which comprise the statement of financial position as at June 30, 2019, the statement of income and expenditure, the statement of changes in fund, the statement of cash flow for the year then ended, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Professional Education Foundation as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards of Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of Professional Education 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 Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Trustees 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, Trustees are responsible for assessing the Fund's ability to continue as 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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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.
- 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.

The engagement partner on the audit resulting in this independent auditor's report is Syed Mahir Alam.


Chartered Accountants


Karachi, October 03, 2019



**PROFESSIONAL EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	Notes	2019	2018
		---- Rupees ----	
Non-current assets			
Tangible fixed assets	3	2,032,609	2,049,786
Current assets			
Short term investments	4	9,000,000	7,000,000
Advances and deposits	5	665,407	526,162
Receivables		1,737,629	10,372,534
Cash and bank balances	6	25,714,343	1,434,644
		37,117,379	19,333,340
Liabilities			
Accrued expenses	7	227,676	109,629
CONTINGENCIES AND COMMITMENTS	8		
		<u>38,922,312</u>	<u>21,273,497</u>
Funded by:			
Accumulated funds - <i>at beginning</i>		21,273,497	24,990,899
Surplus / (deficit) for the year		17,648,815	(3,717,402)
Accumulated funds - <i>at end</i>		<u>38,922,312</u>	<u>21,273,497</u>

The annexed notes from 1 to 16 form an integral part to these financial statements.



MANAGING TRUSTEE



TRUSTEE

Karachi: October 03, 2019

**PROFESSIONAL EDUCATION FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2019**

	Notes	2019 ---- Rupees ----	2018
Income from Zakat			
Zakat receipts		30,918,876	23,114,223
Profit by bank - Zakat account	9	<u>267,190</u>	<u>205,870</u>
		31,186,066	23,320,093
Less: Expenditures from Zakat			
Less: Zakat distribution		<u>41,318,952</u>	<u>33,749,473</u>
Net deficit in Zakat account		(10,132,886)	(10,429,380)
Income from Donations			
Donation receipts		44,521,196	35,395,285
Profit by bank - Donation account	10	<u>1,436,717</u>	<u>1,367,442</u>
HBL Endowment Fund		<u>5,000,000</u>	<u>-</u>
		50,957,913	36,762,727
Expenditures			
Less: Donation distributed		<u>35,435,307</u>	<u>37,259,428</u>
Net surplus / (deficit) in Donation account		15,522,606	(496,701)
Income from Events			
Revenue from events		32,377,488	30,962,050
Less: Expenses for event and related activities		<u>11,095,902</u>	<u>13,264,103</u>
Net surplus from Events		21,281,586	17,697,947
Operating expenses	11	(9,022,491)	(10,489,268)
Surplus / (deficit) for the year		17,648,815	(3,717,402)
Accumulated funds - beginning of the year		<u>21,273,497</u>	<u>24,990,899</u>
Accumulated funds - end of the year		<u>38,922,312</u>	<u>21,273,497</u>

The annexed notes from 1 to 16 form an integral part to these financial statements.



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Karachi: October 03, 2019

**PROFESSIONAL EDUCATION FOUNDATION
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Specific Zakat fund	General fund	Accumulated funds
	-----Rupees-----		
Balance as at July 1, 2017	(14,737,874)	39,728,772	24,990,899
Receipts during the year	23,320,093	67,724,777	91,044,870
Expenditures	(33,749,473)	(61,012,799)	(94,762,272)
	(10,429,380)	6,711,978	(3,717,402)
Balance as at June 30, 2018	(25,167,254)	46,440,750	21,273,497
Receipts during the year	31,186,066	83,335,401	114,521,467
Expenditures	(41,318,952)	(55,553,700)	(96,872,652)
	(10,132,886)	27,781,701	17,648,815
Balance as at June 30, 2019	(35,300,140)	74,222,451	38,922,312

The annexed notes from 1 to 16 form an integral part to these financial statements.



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Karachi: October 03, 2019

**PROFESSIONAL EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
Notes	---- Rupees ----	
<i>Cash flow from operating activities</i>		
Surplus / (deficit) before taxation	17,648,815	(3,717,402)
<i>Adjustment for non-cash and other items</i>		
Depreciation	311,439	330,934
	<u>17,960,254</u>	<u>(3,386,468)</u>
<i>Changes in Working capital</i>		
Decrease / (increase) in receivable	8,634,905	(10,263,658)
Decrease / (Increase) in advances and deposits	(42,500)	715,000
Increase in accrued expenses	118,047	1,557
	<u>26,670,706</u>	<u>(12,982,016)</u>
Taxes paid	(96,745)	(48,447)
<i>Cash generated from / (used in) operating activities</i>	<u>26,573,961</u>	<u>(12,982,016)</u>
<i>Cash flow from investing activities</i>		
Additions to fixed assets	(294,262)	(99,400)
Short term investments	(2,000,000)	10,700,000
<i>Cash (used in) / generated from investing activities</i>	<u>(2,294,262)</u>	<u>10,600,600</u>
Net increase / (decrease) in cash and cash equivalents	<u>24,279,699</u>	<u>(2,381,416)</u>
Cash and cash equivalent - at start	1,434,644	3,816,060
Cash and cash equivalent - at end	<u>25,714,343</u>	<u>1,434,644</u>

The annexed notes from 1 to 16 form an integral part to these financial statements.



MANAGING TRUSTEE



TRUSTEE

Karachi: October 03, 2019

PROFESSIONAL EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 Nature of Business and Legal Status of Foundation

The Professional Education Foundation has been declared as irrevocable trust by the trustees on the 22nd day of January, 2009 at Karachi and registered as a Public Charitable Trust with the Sub Registrar, Jamshed Town, Karachi on 23rd day of January 2009 under Registration No. 34, Book No. IV and the MF Roll No.U8555/5647, of the Photo Registrar, Karachi dated February 12, 2009. The registered office of the trust is located at 3rd Floor, Plot No 48C, 1st Commercial Lane, Khayaban-e-Bukhari, Phase VI DHA Karachi. The major object of the trust is to provide help to the needy and provide assistance to deserving students.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

These financial statements have been prepared in accordance approved accounting standards as applicable in Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.3 Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation on diminishing balance method at the rates specified in the notes to the accounts. Minor renewals and replacements are charged to profit and loss account. Major renewals and replacement are capitalized.

2.4 Investments

The investments are stated at cost.

2.5 Revenue recognition

Profit from investments is recognized on accrual basis. Revenue on account of Donation and Zakat is recorded on cash basis.

2.6 Expenses

Expenses are recognized, when incurred.

**PROFESSIONAL EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

3 Tangible fixed assets

TANGIBLE ASSETS	Cost		Rate %	Accumulated depreciation		WDV as at June 30, 2018
	As at Jul 1, 2018	As at June 30, 2018		As at Jul 1, 2018	Charge for the year	
Computer and accessories	441,433	215,602	30	255,161	79,837	334,998
Furniture and fixtures	1,529,705	78,660	10	340,086	126,616	466,702
Office equipment	986,946	-	15	313,051	104,986	418,037
Total - 2019	2,958,084	294,262		908,298	311,439	1,219,737

TANGIBLE ASSETS	Cost		Rate %	Accumulated depreciation		WDV as at June 30, 2018
	As at Jul 1, 2017	As at June 30, 2018		As at Jul 1, 2017	Charge for the year	
Computer and accessories	421,633	19,800	30	175,330	79,831	255,161
Furniture and fixtures	1,529,705	-	10	207,906	132,180	340,086
Office equipment	907,346	79,600	15	194,128	118,923	313,051
Total - 2018	2,858,684	99,400		577,364	330,934	908,298

						2,049,786
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PROFESSIONAL EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Notes	2019	2018
		----Rupees----	
4 Short term investments			
Certificate of Islamic Investment - Meezan Bank Limited	4.1	4,000,000	7,000,000
Certificate of Islamic Investment - MBL (HBL Endowment Fund)		5,000,000	-
		<u>9,000,000</u>	<u>7,000,000</u>

4.1 These investments will mature in 2020 and bear profits at rates ranging between 8.45% to 9.69% (2018: 4.5% to 8.45%) payable annually.

	2019	2018
	----Rupees----	
5 Advances and deposits		
Advance tax	453,907	357,162
Advances to supplier	51,500	9,000
Security deposit - OCS	10,000	10,000
Security deposit - Rent	150,000	150,000
	<u>665,407</u>	<u>526,162</u>

6 Cash and bank balances		
Cash in hand	15,913	121,478
<i>Cash at bank - in deposit account</i>		
Meezan Bank Limited - Donation Account	24,097,492	964,149
Meezan Bank Limited - Zakat Account	106,875	205,588
Habib Metropolitan Bank - Zakat Account	66,424	134,205
Habib Metropolitan Bank - Donation Account	1,427,639	9,224
	<u>25,698,430</u>	<u>1,313,166</u>
	<u>25,714,343</u>	<u>1,434,644</u>

6.1 These carry profit at rates ranging between 5.1% to 6.26% (2018: 4.5% to 8.45%), payable on monthly basis.

	2019	2018
	----Rupees----	
7 Accrued expenses		
Audit fee payable	35,000	25,000
Other liabilities	192,676	84,629
	<u>227,676</u>	<u>109,629</u>

8 Contingencies and Commitments

There were no contingencies and commitments as at statement of financial position date.

PROFESSIONAL EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Notes	2019	2018
		----Rupees----	
9 Profit by bank - Zakat Account			
Profit on bank deposits		267,190	205,870
		<u>267,190</u>	<u>205,870</u>
10 Profit by bank - Donation Account			
Profit on bank deposits		501,859	245,447
Profit on Certificate of Islamic Investment - HBL Endowment Fund		246,677	650,570
Profit on Meezan Islamic Investment Certificate		688,181	471,425
		<u>1,436,717</u>	<u>1,367,442</u>
11 Operating expenses			
Salaries expenses		4,633,244	6,857,227
Rent, rates and taxes		2,029,500	1,887,500
Utility expense		278,120	268,645
Postage and telegram		80,559	58,679
Bank charges		4,045	4,569
Communication expense		67,357	54,931
Internet expense		46,274	48,703
Computer expense		60,580	5,200
Travelling and conveyance		281,493	183,958
Repair and maintenance		171,605	213,682
Legal, professional and subscription		5,600	102,000
Brand development		425,796	296,927
Software expense		444,444	-
Printing and stationery		38,561	25,193
Audit fee		35,000	25,000
Miscellaneous		108,874	126,120
Depreciation	3	311,439	330,934
		<u>9,022,491</u>	<u>10,489,268</u>

12 Related party

The related parties comprise of Trustees of Professional Education Foundation. All related party transactions and balances are specifically disclosed in related notes.

13 Number of employees

At the date of statement of financial position, there were total 8 (2018: 8) and average 8 (2018: 8) employees on the payroll of the Foundation.

PROFESSIONAL EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

14 Financial Instruments

Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values as the items are short term in nature.


		Interest/ Mark-up bearing			Non-interest/ Mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
Amount in Rs.								
Financial Assets								
Short-term investments		9,000,000	-	9,000,000	-	-	-	9,000,000
Security deposit - OCS		-	-	-	10,000	-	10,000	10,000
Security deposit - Rent		-	-	-	150,000	-	150,000	150,000
Cash and bank balances		25,698,430	-	25,698,430	15,913	-	15,913	25,714,343
Total	2019	34,698,430	-	34,698,430	175,913	-	175,913	34,874,343
Total	2018	8,313,166	-	8,313,166	281,478	-	281,478	8,594,644
Financial Liabilities								
Accrued expenses		-	-	-	227,676	-	227,676	227,676
Total	2019	-	-	-	227,676	-	227,676	227,676
Total	2018	-	-	-	136,629	-	136,629	136,629

15 Date of authorization for issue

These financial statements were authorized for issue on October 03, 2019 by the Board of trustees of the trust.

16 General

Figures have been rounded off to the nearest whole rupee.


MANAGING TRUSTEE


TRUSTEE

Karachi: October 03, 2019