

PROFESSIONAL EDUCATION FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

A·F·FERGUSON&Co.
Chartered Accountants
a member firm of the PwC network





INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of Professional Education Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure, statement of changes in accumulated fund 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 the Foundation as at June 30, 2021, and of 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 the 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 Trustees 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 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 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.

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.

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement 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.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: February 2, 2022

Name of Engagement Partner: Syed Muhammad Hasnain


PROFESSIONAL EDUCATION FOUNDATION

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Non - current assets			
Property and equipment	3	1,996,987	2,167,188
Long term deposits	4	169,000	169,000
		<u>2,165,987</u>	<u>2,336,188</u>
Current assets			
Short-term investments	5	40,000,000	15,000,000
Donation receivable	6	1,947,826	14,991,122
Advances and prepayments	7	186,519	-
Accrued interest	8	147,041	224,562
Tax refunds due from Government	9	820,112	626,516
Cash and bank balances	10	157,846	22,946,230
		<u>43,259,344</u>	<u>53,788,430</u>
Total assets		<u>45,425,331</u>	<u>56,124,618</u>
Less: current liabilities			
Payable to universities	11	34,196,149	33,946,955
Accrued expenses		461,515	339,624
		<u>34,657,664</u>	<u>34,286,579</u>
NET ASSETS		<u>10,767,667</u>	<u>21,838,039</u>
REPRESENTED BY:			
Accumulated fund			
Restricted funds		5,000,000	5,000,000
Un-restricted fund		5,767,667	16,838,039
		<u>10,767,667</u>	<u>21,838,039</u>

The annexed notes 1 to 19 form an integral part of these financial statements.


Trustee


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PROFESSIONAL EDUCATION FOUNDATION

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Zakat		24,168,161	32,010,763
Specific donations		13,143,424	17,288,719
Government grant	12	30,000,000	-
General donations		30,238,131	8,149,450
Fund raising events		-	24,373,377
Return on investments and savings accounts	13	1,832,287	1,980,452
Liability no longer payable		67,648	-
		<u>99,449,651</u>	<u>83,802,761</u>
Expenses			
Disbursements to universities	14	97,380,094	79,331,213
Fund raising event expenses		-	11,004,357
General administrative expenses	15	13,139,929	10,551,464
		<u>110,520,023</u>	<u>100,887,034</u>
Deficit for the year		<u><u>(11,070,372)</u></u>	<u><u>(17,084,273)</u></u>

The annexed notes 1 to 19 form an integral part of these financial statements.



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PROFESSIONAL EDUCATION FOUNDATION

STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE YEAR ENDED JUNE 30, 2021

	Restricted Funds			Un-restricted Fund		Total
	Endowment Fund	Zakat Fund	Other Specific Fund	Sub-total	General Fund - Operation	
	Rupees					
Balance as at July 1, 2019	5,000,000	-	-	5,000,000	33,922,312	38,922,312
Donations received during the year	-	31,675,401	16,789,171	48,464,572	-	48,464,572
Return on investments and savings accounts	-	335,362	499,548	834,910	-	834,910
Donations disbursed during the year	-	(32,010,763)	(17,288,719)	(49,299,482)	-	(49,299,482)
Deficit for the year ended June 30, 2020	-	-	-	-	(17,084,273)	(17,084,273)
Balance as at June 30, 2020	5,000,000	-	-	5,000,000	16,838,039	21,838,039
Donations received during the year	-	23,793,805	12,933,479	36,727,284	-	36,727,284
Government grant received during the year	-	-	30,000,000	30,000,000	-	60,000,000
Return on investments and savings accounts	-	374,356	209,945	584,301	-	584,301
Donations disbursed during the year	-	(24,168,161)	(13,143,424)	(37,311,585)	-	(37,311,585)
Government grant disbursed during the year	-	-	(30,000,000)	(30,000,000)	-	(60,000,000)
Deficit for the year ended June 30, 2021	-	-	-	-	(11,070,372)	(11,070,372)
Balance as at June 30, 2021	5,000,000	-	-	5,000,000	5,767,667	10,767,667

The annexed notes 1 to 19 form an integral part of these financial statements.

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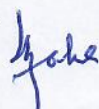
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PROFESSIONAL EDUCATION FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit as per income and expenditure account		(11,070,372)	(17,084,273)
Adjustment for non-cash charges and other items:			
Depreciation		442,696	393,561
Return on Certificate of Investment		(1,353,578)	(1,407,009)
Return on savings accounts		(1,063,009)	(1,408,353)
		(1,973,891)	(2,421,801)
Deficit before working capital changes		(13,044,263)	(19,506,074)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Donation receivable		13,043,296	(13,670,327)
Short term deposits		-	42,500
Advances and prepayments		(186,519)	-
Tax deducted at source		(193,596)	(172,609)
		12,663,181	(13,800,436)
Increase in current liabilities			
Other payables		371,085	34,058,902
Net cash (used in) / generated from operating activities		(9,997)	752,392
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(272,495)	(528,140)
Placement in Certificate of Investment		(25,000,000)	(15,000,000)
Maturity of Certificate of Investment		-	9,000,000
Return on Certificate of Investment		1,412,429	1,491,625
Return received on saving accounts		1,081,679	1,516,010
Net cash utilised in investing activities		(22,778,387)	(3,520,505)
Net decrease in cash and cash equivalents		(22,788,384)	(2,768,113)
Cash and cash equivalents at the beginning of the year		27,946,230	30,714,343
Cash and cash equivalents at the end of the year	16	5,157,846	27,946,230

The annexed notes 1 to 19 form an integral part of these financial statements.


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PROFESSIONAL EDUCATION FOUNDATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. THE FOUNDATION AND ITS OPERATIONS

The Professional Education Foundation (the Foundation) is a charitable trust formed under a Trust Deed dated January 22, 2009.

The primary objective of the Foundation is to financially support underprivileged students for their professional education by sponsoring such students through donations and zakat for their bachelor degree programs.

The registered address of the Foundation is located at 3rd floor, plot no. 48-C, 1st Commercial Lane, Bukhari Commercial, Khayaban-e-Bukhari, Phase VI, DHA, Karachi.

The names of the members of the Board of Trustees of the Foundation are as follows:

S. No.	Name of Trustee
--------	-----------------

- | | |
|----|-------------------------|
| 1. | Hafiz ul Haq Siddiqi |
| 2. | Mohammad Abdul Aleem |
| 3. | Dr. Saad Khalid Niaz |
| 4. | Mohammad Farooq Farooqi |
| 5. | Tariq Kirmani |
| 6. | Ashraf Adamjee |

2. SUMMARY OF 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.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as adopted in Pakistan by the Institute of Chartered Accountants of Pakistan (ICAP); and
- Accounting Standards for Not for Profit Organisations (Accounting Standards for NPOs) issued by ICAP.

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2.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. Management believes that there are no such matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical estimates and judgements made by the Foundation's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.3 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the diminishing balance method in accordance with the rates specified in note 3 to the financial statements after taking into account the residual value, if any.

Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal.

Gains and losses on disposals of property and equipment, if any, are included in statement of income and expenditure.

Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to income and expenditure account as and when incurred.

2.4 Investments

2.4.1 - at amortised cost

These represent investments with fixed or determinable payments and fixed maturity where the Foundation has positive intent and ability to hold such investments to maturity.

These are initially recognised at fair value plus transaction cost, and subsequently at amortised cost using the effective interest method approximating to the fair value.

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2.4.2 - at fair value

These are initially recognised at fair value and transaction costs are included in income currently and are subsequently recognised at fair value. Gain and losses arising from changes in fair value are included in income in the period in which these arise.

Investments are derecognised when the right to receive cash flows from the investments has expired or has been transferred and the Foundation has transferred substantially all the risks and rewards associated with the ownership.

Gains and losses on disposal of investments are included in income currently.

2.5 Revenue recognition

- Income from donations are recognised on received or receivable basis. However where donation is receivable, it is recognised when there is reasonable assurance that it will be received.

Income from donation is classified as either restricted or un-restricted income. Restricted income pertains to specific projects being undertaken by the Foundation and is initially credited to the restricted fund. It is subsequently transferred on a systematic basis to statement of income and expenditure when expenses related to these specific projects are being incurred. Whereas un-restricted income is recognised directly to statement of income and expenditure.

- Return on investments is recognised on accrual basis.
- Return on bank deposits is recognised on accrual basis.

2.6 Government grant

Government grants are recognised in income and expenditure statement on a systematic basis over the periods in which the Foundation recognises the disbursements for which the grants has been received.

2.7 Expense recognition

Disbursements of donation are recognised in the statement of income and expenditure during the period in which they are incurred. Other general administrative expenses pertaining to administration and running the Foundation are recognised on accrual basis.

2.8 Accrued and other liabilities

Accrued and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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2.9 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

2.10 Taxation

The Foundation is eligible for 100% tax credit under section 100C of Income Tax Ordinance, 2001.

2.11 Foreign currency translation

The financial statements are presented in Pak Rupee, which is the Foundation's functional and presentation currency.

Foreign currency transactions are recorded into Pak Rupee using the exchange rates prevailing at the date of the transactions.

2.12 Accumulated fund

The accumulated fund of the Foundation consists of an un-restricted fund and various restricted funds.

2.12.1 Restricted fund

Restricted funds are established by the Board of Trustees for disbursement to specific universities. Donations received or receivable (when there is reasonable assurance that the donation will be received) for these projects are recognised initially in these funds and are transferred to statement of income and expenditure when costs associated with these projects are being incurred. On completion of these projects, surplus, if any, may be transferred into the un-restricted fund at the discretion of the board of trustees. Foundation has following restricted funds:

- **Endowment Fund:** Fund kept to earn income for disbursement to universities.
- **Zakat Fund:** For disbursement to specified universities.
- **Donation Fund:** For disbursement to specified universities.

2.12.2 Un-restricted fund

The un-restricted fund is equivalent to the Foundation's own capital and is used for meeting the regular expenses of the Foundation. Surplus, if any, for the year in the statement of income and expenditure and surplus, if any, remaining in restricted funds on completion of specific projects may be transferred into this fund at the discretion of the Board of Trustees.

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2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks on savings accounts and short-term investments maturing within three months of the date of acquisition.

3. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture and fixtures	Office equipment	Total
	← Rupees →			
Year ended June 30, 2021				
Opening net book value	386,668	1,164,176	616,344	2,167,188
Additions	228,270	-	44,225	272,495
Disposals - at NBV	-	-	-	-
Depreciation charge for the year	(167,570)	(102,252)	(172,874)	(442,696)
Closing net book value	447,368	1,061,924	487,695	1,996,987
At June 30, 2021				
Cost	1,078,365	1,744,492	1,230,124	4,052,981
Accumulated depreciation	(630,997)	(682,568)	(742,429)	(2,055,994)
Net book value	447,368	1,061,924	487,695	1,996,987
Closing net book value (NBV) Year ended June 30, 2020				
Opening net book value (NBV)	322,037	1,141,663	568,909	2,032,609
Additions	193,060	136,127	198,953	528,140
Depreciation charge for the year	(128,429)	(113,614)	(151,518)	(393,561)
Closing net book value	386,668	1,164,176	616,344	2,167,188
At July 01, 2020				
Cost	850,095	1,744,492	1,185,899	3,780,486
Accumulated depreciation	(463,427)	(580,316)	(569,555)	(1,613,298)
Net book value	386,668	1,164,176	616,344	2,167,188
Rate of depreciation	30%	10%	15%	

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		2021 Rupees	2020 Rupees
4.	LONG TERM DEPOSITS		
	Deposit against rented premises	150,000	150,000
	Others	19,000	19,000
		<u>169,000</u>	<u>169,000</u>
5.	SHORT-TERM INVESTMENTS		
	Certificate of Islamic Investment - note 5.1	<u>40,000,000</u>	<u>15,000,000</u>
5.1	These investments will mature in 2022 and bear profits at rates ranging between 4.70% to 6.53% (2020: 4.73% to 9.07%) payable annually.		
6.	DONATION RECEIVABLE		
	This includes donation receivable from the The i-Care Foundation amounting to Rs.1,647,826 (2020: 11,441,936) for disbursements to universities.		
7.	ADVANCES AND PREPAYMENTS	2021 Rupees	2020 Rupees
	Advance to employees	128,000	-
	Prepaid insurance	58,519	-
		<u>186,519</u>	<u>-</u>
8.	ACCRUED INTEREST		
	This represents profit receivable on certificates of investments and savings accounts.		
9.	TAX REFUNDS DUE FROM GOVERNMENT		
	This represents either tax deducted at source on profit on certificates of investments and profit on savings accounts or advance tax paid by the Foundation as required under the Income Tax Ordinance, 2001 at the time of making certain payments.		
10.	CASH AND BANK BALANCES	2021 Rupees	2020 Rupees
	Balance with banks in savings accounts		
	- donation accounts	145,181	5,458,437
	- zakat accounts	10,882	17,484,232
	Cash in hand	1,783	3,561
		<u>157,846</u>	<u>22,946,230</u>
10.1	Profit on savings accounts was at the rates ranging from 2.75% to 2.90% per annum (2020: 3.25% to 6.30% per annum).		

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11. PAYABLE TO UNIVERSITIES

The amount pertains to payable in respect of university fees of students.

12. GOVERNMENT GRANT

The amount represents grant received from the Government of Sindh for disbursement to universities in which students, having domicile in the province of Sindh, are studying.

	2021 Rupees	2020 Rupees
13. RETURN ON INVESTMENTS AND SAVINGS ACCOUNTS		
Return on Certificates of Investment	1,143,633	907,461
Return on savings accounts	688,654	1,072,991
	<u>1,832,287</u>	<u>1,980,452</u>
13.1 This represents return on investments made out of unrestricted fund balance.		
14. DISBURSEMENTS TO UNIVERSITIES	2021 Rupees	2020 Rupees
Out of:		
Restricted funds	67,311,585	49,299,482
Unrestricted fund	30,068,509	30,031,731
	<u>97,380,094</u>	<u>79,331,213</u>
15. GENERAL ADMINISTRATIVE EXPENSES		
Salaries	6,810,477	4,671,371
Rent, rates and taxes	2,531,000	2,254,725
Utilities	360,434	210,824
Conveyance and travelling	652,409	793,373
Repair and maintenance	252,836	157,106
Auditors' remuneration - note 15.1	53,200	40,000
Software expense	25,000	-
Website expense	275,000	-
Legal and professional charges	596,700	43,050
Branding development	441,666	1,674,075
Insurance	57,564	-
Printing and stationery	93,775	53,225
Depreciation	442,696	393,561
Postage and communication	328,161	212,681
Bank charges	-	1,130
Others	219,011	46,343
	<u>13,139,929</u>	<u>10,551,464</u>

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		2021 Rupees	2020 Rupees
15.1	AUDITORS' REMUNERATION		
	Audit fee	40,000	35,000
	Out-of-pocket expenses	13,200	5,000
		<u>53,200</u>	<u>40,000</u>
16.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances - note 10	157,846	22,946,230
	Short-term investment - note 5	5,000,000	5,000,000
		<u>5,157,846</u>	<u>27,946,230</u>
17.	FINANCIAL INSTRUMENTS		
	Financial assets measured at amortised cost	<u>42,608,232</u>	<u>53,330,914</u>
	Financial liabilities measured at amortised cost	<u>34,657,664</u>	<u>34,286,579</u>

18. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities under common control / directorship, non profit organisations where Trustees of the Foundation hold governance positions and key management personnel. Significant transactions with related parties are as follows:

Relationship	Nature of transactions	2021 Rupees	2020 Rupees
Trustees & Organisations where Trustees are Trustees / Directors	Donations received	11,838,550	15,500,000
Professional Education Foundation UK	Donations received	-	14,372,201
Professional Education Foundation US	Donation received	11,540,014	-

- 18.1** The Foundation entered into agreements with Professional Education Foundation United Kingdom (herein referred to as PEF UK) on May 9, 2019, and Professional Education Foundation USA (herin referred to as PEF US) on September 11, 2020. Under these agreements, PEF UK and PEF US agreed to act as an intermediary between the donor and the Foundation being responsible for monitoring and administrating grants. The Foundation on the other hand is responsible for co-ordinating with interested donors, arranging collection of cheques, ensuring that all donations are spent for charitable purposes and reporting to PEF UK and PEF US regarding utilisation of donations to charities.

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19. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Trustees on

31 JAN 2022

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Trustee



Trustee