

## INDEPENDENT AUDITOR'S REPORT

**To the members of Centre for Autism Rehabilitation and Training, Sindh (C-ARTS)**

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the annexed financial statements of Centre for Autism Rehabilitation and Training, Sindh (C-ARTS) ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the period from 08 March 2018 to 30 June 2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the surplus, the other comprehensive income, the changes in fund and its cash flows for the period from 08 March 2018 to 30 June 2018.

### 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 Company 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.

## **Information other than the Financial Statements and Auditor's Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company for our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

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 the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management 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 Company'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.

Board of directors is responsible for overseeing the Company'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

# Riaz Ahmad & Company

Chartered Accountants

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 Company'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 Company'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 Company 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 the board of directors 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.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement, the statements of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Waqas.



**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Date: 21 November 2018**

**KARACHI**

**CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)**  
**(A company set up under section 42 of the Companies Act, 2017)**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	3	2,307,937
		<u>2,307,937</u>
<b>CURRENT ASSETS</b>		
Receivable from sponsor	4	5,555,000
Bank balances	5	18,600,020
		<u>24,155,020</u>
<b>TOTAL ASSETS</b>		<u>26,462,957</u>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Deferred income relating to property and equipment	6	5,515,882
<b>CURRENT LIABILITIES</b>		
Trade and other payables	7	2,406,455
<b>TOTAL LIABILITIES</b>		<u>7,922,337</u>
<b>NET ASSETS</b>		<u>18,540,620</u>
<b>REPRESENTED BY:</b>		
<b>FUNDS AND RESERVES</b>		
Accumulated fund		<u>18,540,620</u>
<b>Contingencies and commitments</b>	8	

The annexed notes from 1 to 15 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)**  
**(A company set up under section 42 of the Companies Act, 2017)**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE PERIOD FROM 08 MARCH 2018 TO 30 JUNE 2018**

	Note	From 08 March 2018 to 30 June 2018 Rupees
<b>INCOME</b>		
Grant	9	<b>18,639,138</b>
<b>EXPENDITURE</b>		
Depreciation	3	<b>39,118</b>
Auditors' remuneration	10	<b>59,400</b>
		<b>98,518</b>
<b>Surplus of income over expenditure before tax</b>		<b>18,540,620</b>
Taxation	11	-
<b>Surplus of income over expenditure after tax</b>		<b>18,540,620</b>

The annexed notes from 1 to 15 form an integral part of these financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)**  
**(A company set up under section 42 of the Companies Act, 2017)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 08 MARCH 2018 TO 30 JUNE 2018**

	Note	From 08 March 2018 to 30 June 2018 Rupees
<b>Surplus of income over expenditure after tax</b>		<b>18,540,620</b>
<b>Other comprehensive income:</b>		
Items that will not be reclassified to income and expenditure statement		-
Items that may be reclassified subsequently to income and expenditure statement		-
Other comprehensive income for the period		-
<b>Total comprehensive income for the period</b>		<b><u>18,540,620</u></b>

The annexed notes from 1 to 15 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)**  
**(A company set up under section 42 of the Companies Act, 2017)**

**STATEMENT OF CHANGES IN FUND**  
**FOR THE PERIOD FROM 08 MARCH 2018 TO 30 JUNE 2018**

	Note	<u>Accumulated fund</u> Rupees
<b>Opening balance as at 08 March 2018</b>		-
<b>Total comprehensive income for the period</b>		
Surplus of income over expenditure after tax		18,540,620
Other comprehensive income		-
		<b>18,540,620</b>
<b>Balance as at 30 June 2018</b>		<u><b>18,540,620</b></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)**  
**(A company set up under section 42 of the Companies Act, 2017)**

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM 8 MARCH 2018 TO 30 JUNE 2018**

**From 08 March  
2018 to 30  
June 2018**

**Rupees**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Surplus of income over expenditure before tax

18,540,620

**Adjustments for non cash items:**

Depreciation

39,118

Amortization of deferred grant

(39,118)

**Net cash generate from operating activities befor working capital changes**

**18,540,620**

**Effect on cash flow due to working capital changes:**

**Increase in current assets**

Receivable from sponsor

(5,555,000)

**Increase in current liabilities**

Trade and other payables

2,406,455

**Cash used in operations**

**(3,148,545)**

**Net cash flow from operating activities**

**15,392,075**

**CASH FLOW FROM INVESTING ACTIVITIES**

Additions in property and equipment

(2,347,055)

**Net cash used in investing activities**

**(2,347,055)**

**CASH FLOW FROM FINANCING ACTIVITIES**

Deferred income relating to fixed assets

5,555,000

**Net cash flow from financing activities**

**5,555,000**

**Net increase in cash and cash equivalents**

**18,600,020**

Cash and cash equivalents at the beginning of the period

-

**Cash and cash equivalents at the end of the period**

**18,600,020**

The annexed notes from 1 to 15 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)**  
**(A company set up under section 42 of the Companies Act, 2017)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 08 MARCH 2018 TO 30 JUNE 2018**

**1. LEGAL STATUS AND NATURE OF OPERATIONS**

- 1.1** Center for Autism Rehabilitation and Training, Sindh (C-ARTS) is incorporated in Pakistan on 8 March 2018 as a public company limited by guarantee not having share capital. C-ARTS ("the Company") has been granted licence under section 42 of the Companies Act, 2017 as a Company not for profit. The geographical location and registered office address of the Company is ST-31, Block-15, Gulistan-e-Johar, Karachi, Sindh.
- 1.2** The principal object of the Company is to setup an Autism Rehabilitation Center as per international standards. The Company receives funds from Special Education Department, Government of Sindh for its operations.
- 1.3** The Company is in process of altering its Memorandum of Company to comply with the requirements of Associations with Charitable and Non for-Profit Objects Regulations, 2018 promulgated on 07 June 2018.
- 1.4** All significant transactions and events that have affected the Company's statement of financial position and performance during the period have been adequately disclosed in the notes to these financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below:

**2.1 Basis of Preparation**

**a) 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 Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**b) Basis of measurement**

These financial statements have been prepared under the historical cost convention, except as otherwise stated in these financial statements.

These are the first financial statements of the Company after incorporation. Accordingly, no corresponding figures are available for presentation.

**c) Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is also the Company's functional and presentation currency. All financial information presented in Pakistan Rupees have been rounded to the nearest Rupee, unless otherwise stated.

**d) Key judgments and estimates**

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements include useful lives, residual values and depreciation method of property and equipment (note 2.2 and 3).

The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**2.2 Property and equipments**

**Initial recognition**

All items of property and equipment are initially recorded at cost.

**Subsequent measurement**

Items of property and equipment are measured at cost less accumulated depreciation and impairment loss (if any).

**Depreciation**

Depreciation is charged so as to write off the cost of assets (other than land) over their estimated useful lives, using the straight-line method at rates specified in note 3 to the financial statements.

**Disposal**

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss.

**Judgment and estimates**

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

**2.3 Impairment of non-financial assets**

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the income and expenditure statement.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the income and expenditure statement.

#### **2.4 Government grants**

Government grants are recognised at the fair value of the asset received or receivable.

A grant without specified future performance conditions is recognised in income when the right to receive the grant is established. A grant that imposes specified future performance conditions is recognised in income when all those conditions are met and there is a reasonable assurance that the grant will be received.

Government grants are presented separately from the assets to which they relate. Government grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position.

Further, the Company does not recognise those forms of government assistance for which a reasonable value cannot be placed on them.

#### **2.5 Trade and other payables**

Trade payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

#### **2.6 Taxation**

The Federal Board of Revenue (FBR) has allotted Free Tax Number (FTN) to the Company under Section 49 of the Income Tax Ordinance, 2001 whereby the income of the Company is exempt from tax. Therefore, no provision for taxation has been made in these financial statements and as a result temporary differences do not arise and deferred tax is not recorded.

#### **2.7 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the income and expenditure statement.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision are recognised in the income and expenditure statement unless the provision was originally recognised as part of cost of an asset.

## **2.8 Off-setting of financial assets and liabilities**

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

## **2.9 Foreign currency transactions and translations**

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged in the statement of profit or loss.

<b>3. PROPERTY AND EQUIPMENT</b>	<b>Note</b>	<b>2018 Rupees</b>
<b>3.1 Furniture and fixture</b>		
Opening net book value		-
Addition during the period		2,347,055
Disposal during the period		-
Depreciation charged during the period		(39,118)
Closing net book value		<u><u>2,307,937</u></u>
Cost		2,347,055
Accumulated Depreciation		(39,118)
		<u><u>2,307,937</u></u>
Depreciation rate		<b>20%</b>
<b>3.2</b>		
The Government of Sindh through its Modified PC-1 dated 02 December 2016 allocated Rupees 66.148 million for the establishment of building for Autism Center. The building is located at ST-31, Block-15, Gulistan-e-Johar, Karachi and is in use of the Company since its incorporation. However, as per available records with the Company legal title of the land and building is not transferred to it.		
<b>4. RECEIVABLE FROM SPONSOR</b>		
This represents amount receivable from Special Education Department, Governemnt of Sindh under Annual Development Plan (ADP) Scheme on account of purchase of furniture and fixture for the Company.		
<b>5. BANK BALANCES</b>		
<b>Cash at bank</b>		
- Current account		<u><u>18,600,020</u></u>
<b>6. DEFERRED INCOME RELATING TO PROPERTY AND EQUIPMENT</b>		
Opening balance		-
Grant receivable from Sponsor	4	5,555,000
Amortisation for the period		(39,118)
Closing balance		<u><u>5,515,882</u></u>
<b>7. TRADE AND OTHER PAYABLES</b>		
Creditor		2,347,055
Accrued audit fee		59,400
		<u><u>2,406,455</u></u>
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
There are no contingencies and commitments as at the reporting date.		
		<b>From 08 March 2018 to 30 June 2018</b>
<b>9. GRANT</b>		<b>Rupees</b>
Grant received during the period	9.1	18,600,020
Amortization - grant related to property and equipment		39,118
		<u><u>18,639,138</u></u>
<b>9.1</b>		
This represents unconditional grant received from Sponsor for operations of the Company.		

**From 08 March  
2018 to 30  
June 2018  
Rupees**

**10. AUDITORS' REMUNERATION**

Audit fee	50,000
Out of pocket	5,000
	55,000
Sindh sales tax @ 8%	4,400
	<b>59,400</b>

**11. TAXATION**

The Federal Board of Revenue (FBR) has allotted Free Tax Number (FTN) to the Company under Section 49 of the Income Tax Ordinance, 2001 whereby the income of the Company is exempt from tax. Therefore, no provision for taxation has been made in these financial statements and as a result temporary differences do not arise and deferred tax is not recorded.

**12. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise Special Education Department, Government of Sindh and key management personnel. The related party transactions during the period and the status of outstanding balances as at the period end are as follows.

Name of Related party	Relationship with related party	Nature of transaction	Rupees
Special Education Department, Government of Sindh	Sponsor	Grant received	<b>18,600,000</b>
		Grant receivable	<b>5,555,000</b>

**13. FINANCIAL INSTRUMENTS**

**Financial assets at amortised cost**

Receivable from Special Education Department	5,555,000
Cash at bank	18,600,020
	<b>24,155,020</b>

**Financial liabilities at amortised cost**

Trade and other payables	2,406,455
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**14. NUMBER OF EMPLOYEES**

There were no employees of the Company as at reporting date and during the current period.

**15. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS**

These financial statements were approved by the Company's board of directors and authorised for issue on 21 NOV 2018.

  
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**CHIEF EXECUTIVE OFFICER**

  
\_\_\_\_\_  
**DIRECTOR**