



HASSAN FAROOQ & COMPANY
Chartered Accountants

SEED OUT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
June 30, 2019

HF House:

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HASSAN FAROOQ & COMPANY

Chartered Accountants

AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of **SEED OUT** (the trust), which comprise the statement of financial position as at **30 June 2019**, and the related statement of income and expenditure account for the year the ended, statement of changes in accumulated fund for the year ended, statement of cash flows for the year ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements presents fairly, in all material respects, financial position of the **SEED OUT** (the trust) as at **June30,2019** and of its financial performance 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 Trust 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


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 controls 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 Trust'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 Trustees either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Trust'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 Trust'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 Trust'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 Trust 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 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.



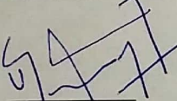
HASSAN FAROOQ AND COMPANY
(Chartered Accountants)

PLACE: Lahore

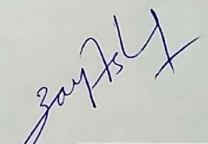
**SEED OUT
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

		<u>June 30, 2019</u>	<u>June 30, 2018</u>			<u>June 30, 2019</u>	<u>June 30, 2018</u>
FUND AND LIABILITIES	NOTE	Rupees	Rupees	ASSETS	NOTE	Rupees	Rupees
ACCMULATED FUND				NON-CURRENT ASSETS			
Accumulated fund		1,727,348	552,501	Operating assets	8	1,619,062	1,331,046
Surplus of income over expenditure		723,765	1,174,847	Intangible assets	9	3,183,231	2,030,288
		<u>2,451,113</u>	<u>1,727,348</u>			<u>4,802,293</u>	<u>3,361,334</u>
NON CURRENT LIABILITIES				CURRENT ASSETS			
Endowment fund	5	40,124,961	34,174,037	Advances and other receivables	10	27,220,632	24,819,454
				Cash and bank balances	11	13,291,196	9,991,138
						<u>40,511,828</u>	<u>34,810,592</u>
CURRENT LIABILITIES							
Accrued and other liabilities	6	2,738,047	2,140,051				
Provision for taxation	15	-	130,490				
		<u>2,738,047</u>	<u>2,270,541</u>				
CONTINGENCIES AND COMMITMENTS							
	7	-	-				
		<u><u>45,314,121</u></u>	<u><u>38,171,926</u></u>			<u><u>45,314,121</u></u>	<u><u>38,171,926</u></u>

The annexed notes 1 to 17 form an integral part of these financial statements.



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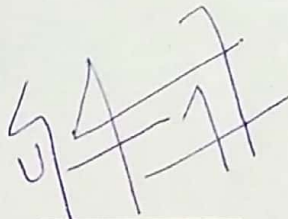


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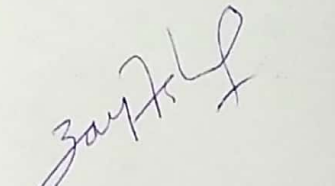
SEED OUT
STATEMENT OF INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	June 30, 2019 <u>Rupees</u>	June 30, 2018 <u>Rupees</u>
Income	12	14,302,907	10,439,193
Expenditures	13	(13,542,060)	(9,126,666)
Financial charges	14	(15,911)	(7,190)
		<u>(13,557,971)</u>	<u>(9,133,856)</u>
Surplus before taxation		744,936	1,305,337
Provision for taxation	15	(21,171)	(130,490)
Surplus of income over expenditure		<u>723,765</u>	<u>1,174,847</u>

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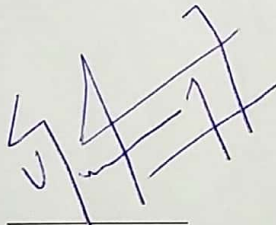


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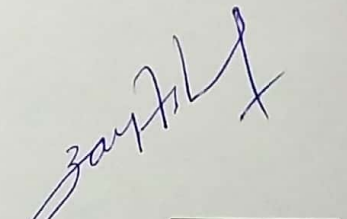
SEED OUT
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2019

Trust Fund	Excess / (Short) of Income over Expenditure	Total
-----Rupees-----		
Balance as on July 01, 2017	552,501	552,501
Excess of Income over Expenditure	-	1,174,847
Transfer to Trust Fund	1,174,847	(1,174,847)
Balance as on June 30, 2018	1,727,348	1,727,348
Excess of Income over Expenditure	-	723,765
Transfer to Accumulated Trust Fund	723,765	(723,765)
Balance as on June 30, 2019	2,451,113	2,451,113

de The annexed notes 1 to 17 form an integral part of these financial statements.



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**SEED OUT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u> Rupees	<u>June 30, 2018</u> Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus of income over expenditure before tax	744,936	1,305,337
Adjustments for non-cash charges and other items		
Depreciation	330,561	334,170
Amortization	-	34,715
Financial charges	15,911	7,190
	<u>346,472</u>	<u>376,075</u>
EXCESS OF INCOME OVER EXPENDITURE BEFORE CASH FLOW FROM WORKING CAPITAL	1,091,408	1,681,412
Increase/(Decrease) in current assets		
Advances and prepayments	(2,447,640)	(3,847,275)
Increase/(Decrease) in current Liabilities		
Accrued and other liabilities	597,996	(312,293)
NET CASH (USED IN) WORKING CAPITAL CHANGES	(1,849,644)	(4,159,568)
	<u>(758,236)</u>	<u>(2,478,156)</u>
NET CASH (USED IN) OPERATIONS		
Tax paid	(105,199)	(185,138)
Financial charges paid	(15,911)	(7,190)
NET CASH (USED IN) OPERATING ACTIVITIES	(121,110)	(192,328)
	<u>(879,346)</u>	<u>(2,670,484)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on operating fixed assets	(618,577)	(1,123,223)
Intangible assets	(1,152,943)	(640,288)
NET CASH (USED IN) INVESTING ACTIVITIES	(1,771,520)	(1,763,511)
CASH FLOW FROM FINANCING ACTIVITIES		
Endowment fund	5,950,924	11,646,882
NET CASH GENERATED FROM FINANCING ACTIVITIES	5,950,924	11,646,882
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,300,058	7,212,887
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9,991,138	2,778,251
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13,291,196	9,991,138

ok The annexed notes 1 to 17 form an integral part of these financial statements.

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TRUSTEE

SEED OUT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2019

1 GENERAL INFORMATION

1.1 "SEED OUT" was registered on May 28, 2012 under the Societies Registration Act 1860. The aims and objects for which the organization was established is to provide "Sustainable solutions to empower people to start or expand their own business and general public welfare" in Pakistan. Registered office is situated at 329-P Block, Steet 183, DHA, Lahore.

1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation

2 STATEMENT OF COMPLIANCE

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

3 BASIS OF PREPARATION

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY, PLANT AND EQUIPMENT

Owned

Assets are stated at cost less accumulated depreciation except freehold land. Freehold land is stated at cost.

Depreciation is charged to income and expenditure account on reducing balance method. The rate of depreciation charged during the year is given in the operating assets Note.8. Deprecation on additions to fixed assets is charged from the month in which fixed assets is available for use while no depreciation is charged in the month of disposal.

Maintenance and normal repair are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of fixed assets is recognized in current period's income.

The carrying amount of the trust's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist the assets' recoverable amount is estimated and impairment losses are immediately recognized in the income and expenditure account.

4.2 TAXATION

Provision for current tax is based on taxable surplus for the year determined in accordance with the prevailing law for the taxation of income.

4.3 TRADE AND OTHER PAYABLES

Liabilities for payable are carried 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 trust.

4.4 CASH AND CASH EQUIVALENT

Cash in hand and bank are carried at fair value. For the purpose of cash flow statement, cash and cash equivalent consist of cash in hand and at bank.

4.5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition. Intangible assets with finite useful lives are amortized over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis. Amortization is based on the cost of an asset less its residual value. Amortization is recognized in the statement of Income & Expenditures on a straight-line basis over the estimated useful lives of intangible assets. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

4.6 REVENUE RECOGNITION

4.6.1 Grant/ Donations related to income

Donations related to income are recognized on a systematic basis income over the period necessary to match them with related expenses incurred in accordance with terms of the respective project agreements.

4.6.2 Grant/ Donations related to assets

Donations related to assets are recognized as deferred income under the head capital grant. An amount equivalent to the depreciation for each year on such assets is credited to income and expenditure account in the same year in which depreciation is charged. Amount equivalent to book value of the assets relating to grant is also transferred to income and expenditure account in the same year in which asset is disposed off.

	NOTE	<u>June 30, 2019</u> <u>Rupees</u>	<u>June 30, 2018</u> <u>Rupees</u>
5 ENDOWMENT FUND			
Opening balance		34,174,037	22,527,155
Received during the year - in cash		<u>6,263,224</u>	<u>11,732,012</u>
		40,437,261	34,259,167
Donated to General Fund			-
Funds lost during the year		<u>(312,300)</u>	<u>(85,130)</u>
Closing balance		<u>40,124,961</u>	<u>34,174,037</u>

5.1 This is a Revolving Fund which is hundred percent revolved for creating new micro entrepreneur.

NOTE	<u>June 30, 2019</u> Rupees	<u>June 30, 2018</u> Rupees
6 ACCRUED AND OTHER LIABILITIES		
Accrued expenses	989,819	386,976
Other payable	125,907	207,741
Employees Provident Fund	144,036	
Withholding tax payable	8,759	75,808
Due to associated undertaking	1,469,526	1,469,526
	<u>2,738,047</u>	<u>2,140,051</u>

7 CONTIGENCIES AND COMMITMENTS

Contingencies

There are no material contingencies as at June 30, 2019 (2018: Nil).

Commitments

SK There are no material commitments as at June 30, 2019 (2018: Nil).

	NOTE	June 30, 2019 Rupees	June 30, 2018 Rupees
8. OPERATING ASSETS			
Operating assets	8.1	1,619,062	1,331,046

8.1 Reconciliation of carrying amounts at the beginning and end of the year is as follows:

Operating assets

	Owned				Grand Total
	Furniture and Fixture	Electric Equipments	Computer Equipments	Vehicle	
-----RUPEES-----					
At June 30, 2017					
Cost	104,744	144,138	433,019	84,500	766,401
Accumulated depreciation	(23,395)	(28,183)	(152,530)	(20,300)	(224,408)
Written down value	81,349	115,955	280,489	64,200	541,993
Reconciliation of written down value at June 30, 2018					
Written down value as at July 01, 2017	81,349	115,955	280,489	64,200	541,993
Additions	85,000	53,223	-	985,000	1,123,223
Depreciation	(15,218)	(24,965)	(84,147)	(209,840)	(334,170)
Written down value as at June 30, 2018	151,131	144,213	196,342	839,360	1,331,046
At June 30, 2018					
Cost	189,744	197,361	433,019	1,069,500	1,889,624
Accumulated depreciation	(38,613)	(53,148)	(236,677)	(230,140)	(558,578)
Written down value	151,131	144,213	196,342	839,360	1,331,046
Reconciliation of written down value at June 30, 2019					
Written down value as at July 01, 2018	151,131	144,213	196,342	839,360	1,331,046
Additions	220,745	246,070	151,762	-	618,577
Depreciation	(28,799)	(60,999)	(72,891)	(167,872)	(330,561)
Written down value as at June 30, 2019	343,077	329,284	275,213	671,488	1,619,062
At June 30, 2019					
Cost	410,489	443,431	584,781	1,069,500	2,508,201
Accumulated depreciation	(67,412)	(114,147)	(309,568)	(398,012)	(889,139)
Written down value	343,077	329,284	275,213	671,488	1,619,062
Depreciation Rate (%)	10%	20%	30%	20%	

8.1.1 Depreciation for the period has been allocated as under :

	June 30, 2019 Rupees	June 30, 2018 Rupees
Expenditures	330,561	334,170

	NOTE	June 30, 2019 Rupees	June 30, 2018 Rupees
9 INTANGIBLE ASSETS			
Intangible assets under development	9.1	<u>3,183,231</u>	<u>2,030,288</u>
		<u>3,183,231</u>	<u>2,030,288</u>
9.1 Intangible assets under development			
Opening balance		2,030,288	1,390,000
Additions during the year		<u>1,152,943</u>	<u>640,288</u>
		<u>3,183,231</u>	<u>2,030,288</u>
Transferred to operating assets		-	-
Closing balance		<u>3,183,231</u>	<u>2,030,288</u>
10 ADVANCES AND OTHER RECEIVABLES			
Advance			
Income tax		124,503	170,965
To employees		140,939	132,939
For expenses		83,790	68,880
Deposits		10,000	10,000
Receivable from borrowers		<u>26,861,400</u>	<u>24,436,670</u>
		<u>27,220,632</u>	<u>24,819,454</u>
10.1 Receivable From Borrowers			
Opening balance		<u>24,436,670</u>	<u>19,758,714</u>
Loan granted during the year		<u>16,398,800</u>	<u>13,742,850</u>
		<u>40,835,470</u>	<u>33,501,564</u>
Received from borrower during the year		<u>(13,661,770)</u>	<u>(8,979,764)</u>
Bad debts written off		<u>(312,300)</u>	<u>(85,130)</u>
		<u>(13,974,070)</u>	<u>(9,064,894)</u>
Closing balance		<u>26,861,400</u>	<u>24,436,670</u>
11 CASH AND BANK BALANCES			
Cash in hand		1,400,366	21,277
Cash at bank			
-in current account		<u>11,890,830</u>	<u>9,969,861</u>
		<u>13,291,196</u>	<u>9,991,138</u>
12 INCOME			
General Funds		14,302,907	10,439,193
		<u>14,302,907</u>	<u>10,439,193</u>

	NOTE	June 30, 2019 Rupees	June 30, 2018 Rupees
13 EXPENDITURES			
Staff salaries and benefits		8,543,490	5,469,113
Entertainment expenses		225,275	226,144
Event management expenses		1,751,896	1,095,752
Printing and stationery		168,277	284,106
Legal and professional charges		3,120	-
Travelling and conveyance expenses		378,740	217,747
Utility expenses		332,113	206,411
Repair and maintenance expenses		274,946	95,207
Advertisement expenses		399,863	1,000
Fee and subscriptions		51,691	-
Communication expenses		321,144	338,645
Rent expenses		312,000	120,000
Disbursement expenses		94,412	207,207
Depreciation	8.1.1	330,561	334,170
Amortization	9.1	-	34,715
Miscellaneous expenses		354,532	496,449
		<u>13,542,060</u>	<u>9,126,666</u>

14 FINANCIAL CHARGES

Bank charges	15,911	7,190
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15 PROVISION FOR TAXATION

Provision for current tax is based on taxable surplus for the year determined in accordance with the prevailing law for the taxation of income. However, no provision for taxation has been considered necessary for the year as trust has tax exemption under, Section 100 C Sub Sec 2 (Clause 36) Of Income Tax Ordinance, Trust has registered and obtained certificate on "October 15, 2018" which is valid for 3 years from the issue date.

Current year	-	130,490
Prior Year	21,171	-
	<u>21,171</u>	<u>130,490</u>

16 GENERAL

16.1 Prior year figures have been re-arranged wherever considered necessary for the purpose of better presentation.

16.2 Figures have been rounded off to the nearest rupee.

17 AUTHORIZATION FOR ISSUANCE

de The financial statements were authorised for issue on _____ by the Trustees of the Fund.

Signature

TRUSTEE

Signature

TRUSTEE

