

AUTHORITY REPORT TO THE MEMBERS

We have examined the accounts for the year ended June 30, 2016 and the financial statements prepared thereon, with reference to the changes in accounting standards and the effect of such changes on the financial statements for the year ended June 30, 2016.

The financial statements of the company for the year ended June 30, 2016 are prepared on the basis of the accounting standards and the effect of such changes on the financial statements for the year ended June 30, 2016.

We are satisfied that the financial statements of the company for the year ended June 30, 2016 are prepared in accordance with the accounting standards and the effect of such changes on the financial statements for the year ended June 30, 2016.

SEED OUT

Financial Statements

For the year ended June 30, 2016



HASSAN FAROOQ & COMPANY

Chartered Accountants

AUDITORS' REPORT TO THE TRUSTEES

We have audited the annexed balance sheet of **Seed Out** (the trust) as at June 30, 2016 and the related income and expenditures account, cash flow statement and statement of changes in accumulated fund together with the notes forming part thereof (hereinafter referred to as the "financial statements") for the year then ended.

It is the responsibility of the trustees to establish and maintain a system of internal control, and prepare and present the statement in conformity with the basis as described in Note 3 to the accounts. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the statements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 3, the statements have been prepared on the accrual basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion the statements present fairly, in all material respects, the income and expenditures, of the **Seed out** for the year ended June 30, 2016 on the basis of accounting described in Note 3 to the accounts.

The financial statements of the Company as at June 30, 2015 and for the year then ended were audited by another firm of chartered accountants, who have expressed unqualified opinion on these financial statements in their report dated October 22, 2015.

HF

HASSAN FAROOQ AND COMPANY
(Chartered Accountants)

ENGAGEMENT PARTNER: Farooq Hamid
Lahore: September 01, 2016

**SEED OUT
BALANCE SHEET
AS AT JUNE 30, 2016**

	June 30, 2016 Rupees	June 30, 2015 Rupees		June 30, 2015 Rupees
FUND AND LIABILITIES				
ACCUMULATED FUND				
Accumulated fund	47,585	13,408		115,592
Surplus of income over expenditure	246,198	34,177		104,143
	293,783	47,585		219,735
NON CURRENT LIABILITIES				
Endowment fund	8,455,538	4,131,289		
CURRENT LIABILITIES				
Accrued and other liabilities	2,065,657	368,380		3,347,814
Provision for taxation	107,576	-		979,705
	2,173,233	368,380		4,327,519
CONTINGENCIES AND COMMITMENTS	-	-		
TOTAL FUND AND LIABILITIES	10,922,554	4,547,254	TOTAL ASSETS	4,547,254

NOTE

8

9

10

11

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

[Signature]

TRUSTEE

[Signature]

TRUSTEE

**SEED OUT
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	NOTE	<u>June 30, 2016</u> Rupees	<u>June 30, 2015</u> Rupees
Income	12	6,794,105	1,389,859
Expenditures	13	(6,434,617)	(1,344,724)
Financial charges	14	(5,714)	(10,958)
		<u>(6,440,331)</u>	<u>(1,355,682)</u>
Surplus before taxation		353,774	34,177
Provision for taxation	15	(107,576)	-
Surplus of income over expenditure		<u>246,198</u>	<u>34,177</u>

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

ATC



TRUSTEE



TRUSTEE

**SEED OUT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	June 30, 2016 Rupees	June 30, 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus of income over expenditure before tax	353,774	34,177
Adjustments for non-cash charges and other items		
Depreciation	60,777	16,494
Amortization	34,714	11,571
Financial charges	5,714	10,958
	<u>101,205</u>	<u>39,023</u>
EXCESS OF INCOME OVER EXPENDITURE BEFORE CASH FLOW FROM WORKING CAPITAL	454,979	73,200
(Increase) in current assets		
Advances and prepayments	(5,234,250)	(2,742,714)
Increase in current liabilities		
Accrued and other liabilities	1,697,277	348,380
NET CASH (USED IN) WORKING CAPITAL CHANGES	(3,536,973)	(2,394,334)
NET CASH (USED IN) OPERATIONS	(3,081,994)	(2,321,134)
Tax paid	(42,603)	(75,000)
Financial charges paid	(5,714)	(10,958)
	<u>(48,317)</u>	<u>(85,958)</u>
NET CASH (USED IN) OPERATING ACTIVITIES	(3,130,311)	(2,407,092)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on operating fixed assets	(270,975)	(132,086)
Intangible assets	-	(115,714)
NET CASH (USED IN) INVESTING ACTIVITIES	(270,975)	(247,800)
CASH FLOW FROM FINANCING ACTIVITIES		
Endowment fund	4,324,249	3,383,966
NET CASH GENERATED FROM FINANCING ACTIVITIES	4,324,249	3,383,966
NET INCREASE IN CASH AND CASH EQUIVALENTS	922,963	729,074
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	979,705	250,631
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>1,902,668</u>	<u>979,705</u>

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

H/c


TRUSTEE


TRUSTEE

SEED OUT
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2016

Trust Fund	Excess / (Short) of Income over Expenditure	Total	
-----Rupees-----			
Balance as on June 30, 2014	13,408	-	13,408
Excess of Income over Expenditure	-	34,177	34,177
Transfer to Trust Fund	34,177	(34,177)	-
Balance as on June 30, 2015	47,585	-	47,585
Excess of Income over Expenditure	-	246,198	246,198
Transfer to Trust Fund	246,198	(246,198)	-
Balance as on June 30, 2016	293,783	-	293,783

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

HR



 TRUSTEE



 TRUSTEE

SEED OUT
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

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. Depreciation 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 after taking into account available tax credits, rebates and exemptions (if any).

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.

Atc

Zain

Ali Ashraf

4.5 REVENUE RECOGNITION

4.5.1 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.

4.5.2 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	June 30, 2016 Rupees	June 30, 2015 Rupees
5 ENDOWMENT FUND			
Opening balance		4,131,289	747,323
Received during the year - in cash		6,369,849	6,656,780
		<u>10,501,138</u>	<u>7,404,103</u>
Funds utilized during the year		(2,045,600)	(3,272,814)
Closing balance		<u>8,455,538</u>	<u>4,131,289</u>
6 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		22,508	-
Other payable	6.1	2,030,446	368,380
Withholding tax payable		12,703	-
		<u>2,065,657</u>	<u>368,380</u>

6.1 It include an amount of Rupees 1,676,626/- (2015: Rupees: 368,380/-) payable to associated undertaking.

7 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material contingencies as at June 30, 2016 (2015: Nil).

Commitments

There are no material commitments as at June 30, 2016 (2015: Nil).

Hfc

[Handwritten signature]

[Handwritten signature]

8. OPERATING ASSETS	NOTE	June 30, 2016	June 30, 2015
		Rupees	Rupees
Operating assets	8.1	325,790	115,592

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

	Furniture and Fixture	Electric Equipments	Computer Equipments	Vehicle	Grand Total
-----RUPEES-----					
At June 30, 2014					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Written down value	-	-	-	-	-
Reconciliation of written down value at June 30, 2015					
Written down value as at July 01, 2014	-	-	-	-	-
Additions	82,894	6,638	42,554	-	132,086
Depreciation	(6,217)	(702)	(9,575)	-	(16,494)
Written down value as at June 30, 2015	76,677	5,936	32,979	-	115,592
At June 30, 2015					
Cost	82,894	6,638	42,554	-	132,086
Accumulated depreciation	(6,217)	(702)	(9,575)	-	(16,494)
Written down value	76,677	5,936	32,979	-	115,592
Reconciliation of written down value at June 30, 2016					
Written down value as at July 01, 2015	76,677	5,936	32,979	-	115,592
Additions	13,850	22,600	192,025	42,500	270,975
Depreciation	(8,361)	(3,247)	(44,920)	(4,250)	(60,777)
Written down value as at June 30, 2016	82,166	25,289	180,084	38,250	325,790
At June 30, 2016					
Cost	96,744	29,238	234,579	42,500	403,061
Accumulated depreciation	(14,578)	(3,949)	(54,495)	(4,250)	(77,271)
Written down value	82,167	25,289	180,084	38,250	325,790
Depreciation Rate (%)	10%	20%	30%	20%	

8.1.1 Depreciation for the period has been allocated as under :	June 30, 2016	June 30, 2015
	Rupees	Rupees
Expenditures	60,777	16,494

HFC

Zangil

Ali Ashraf

	NOTE	June 30, 2016 Rupees	June 30, 2015 Rupees
9 INTANGIBLE ASSETS			
Cost		115,714	115,714
Accumulated amortization		(46,285)	(11,571)
Written down value		<u>69,429</u>	<u>104,143</u>
9.1 Reconciliation of written down value			
Opening		104,143	-
Additions		-	115,714
Amortization		(34,714)	(11,571)
Written down value		<u>69,429</u>	<u>104,143</u>
9.1.1 Amortisation is charged using straight line method at the rate ranging from 30% (2015: 30%) per annum.			
10 ADVANCES AND OTHER RECEIVABLES	NOTE	June 30, 2016 Rupees	June 30, 2015 Rupees
Advance income tax		117,603	75,000
Receivable from borrowers		8,507,064	3,272,814
		<u>8,624,667</u>	<u>3,347,814</u>
10.1 Receivable From Borrowers			
Opening balance		3,272,814	-
Loan granted during the year		7,279,850	3,272,814
		<u>10,552,664</u>	<u>3,272,814</u>
Received from borrower during the year		(2,045,600)	-
Closing balance		<u>8,507,064</u>	<u>3,272,814</u>
11 CASH AND BANK BALANCES			
Cash in hand		39,795	12,007
Cash at bank			
-in current account		1,862,873	967,698
		<u>1,902,668</u>	<u>979,705</u>
12 INCOME			
Donations Fund		4,665,980	-
General Funds		2,128,125	167,740
Surplus from event managements		-	1,222,119
		<u>6,794,105</u>	<u>1,389,859</u>
13 EXPENDITURES			
Staff salaries and benefits		3,008,962	743,736
Entertainment expenses		672,069	4,406
Printing & stationery		131,265	28,280
Legal and professional charges		101,010	21,792
Travelling & conveyance expenses		467,577	7,184
Utility expenses		113,508	74,328
Repair & maintenance expenses		140,229	4,280
Advertisement expenses		661,976	94,410
Fee and subscriptions		119,280	20,000
Communication expenses		82,990	27,850
Rent expenses		136,500	269,100
Depreciation	8.1.1	60,777	16,494
Amortization	9.1	34,714	11,571
Miscellaneous expenses		703,760	21,293
		<u>6,434,617</u>	<u>1,344,724</u>

HKC
Zayth

Alif

	NOTE	June 30, 2016 Rupees	June 30, 2015 Rupees
14 FINANCIAL CHARGES			
Bank charges		5,714	10,958
15 PROVISION FOR TAXATION			
Current year		107,576	-
16 GENERAL			

16.1 Prior year figures have been re-arranged wherever considered necessary for the purpose of better presentation. Significant re-arrangements are as under;

Amortization of Rupees 11,571, in expenditures, was merged with depreciation in last year has now been presented separately as "amortization".

16.2 Nomenclature

Nomenclature of the following accounts has been changed:

Previous Nomenclature

Micro Loan Portfolio- Interest Free
Transportation expenses

Current Nomenclature

Receivable from borrowers
Travelling & conveyance expenses

16.3 Figures have been rounded off to the nearest rupee.

17 AUTHORIZATION FOR ISSUANCE

These accounts are authorized for issuance by the Board of Trustees on _____.



TRUSTEE



TRUSTEE