

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of HISAAR FOUNDATION (company limited by guarantee and licensed under Section 42 of the Companies Ordinance, 1984) as at June 30, 2012 and the related profit and loss account, statement of comprehensive income and cash flow statement together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet, profit and loss account and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the deficit for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KARACHI

DATED: 29 SEP 2012

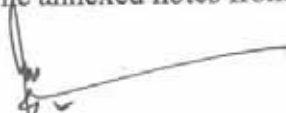
  
CHARTERED ACCOUNTANTS

Engagement Partner: Zulfiqar Ali Causer

**HISAAR FOUNDATION  
BALANCE SHEET AS AT JUNE 30, 2012**

	Note	2012 Rupees	2011 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	253,722	287,915
<b>CURRENT ASSETS</b>			
Advances	4	69,181	512,790
Other receivables		17,534	81,945
Cash and bank balances	5	15,675	3,109,213
		102,390	3,703,948
		<u>356,112</u>	<u>3,991,863</u>
<b>TOTAL ASSETS</b>			
<b>FUND AND LIABILITIES</b>			
<b>FUND</b>			
Capital fund	6	(1,745,986)	479,727
Deferred credit - unutilized grants	7	-	3,363,204
		(1,745,986)	3,842,931
<b>CURRENT LIABILITIES</b>			
Temporary overdraft		918,299	-
Trade and other payables	8	104,482	4,482
Accrued expenses		1,079,317	144,450
		2,102,098	148,932
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL FUND AND LIABILITIES</b>	9	<u>356,112</u>	<u>3,991,863</u>

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

  
CHIEF EXECUTIVE

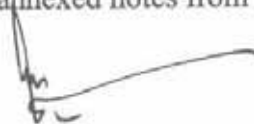
  
GOVERNOR



**HISAAR FOUNDATION  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	2012 Rupees	2011 Rupees
<b>INCOME</b>			
Donations		3,363,951	2,850,093
Institutional charges		141,173	595,222
Membership fee (Hisaar)		-	-
Relief and emergency support income	10	1,551,732	5,979,210
Programme support income	11	23,593,147	5,309,294
Release of deferred income		88,333	85,555
		<u>28,738,336</u>	<u>14,819,374</u>
<b>EXPENDITURE</b>			
Administrative expenses	12	4,966,495	4,466,238
Programme expenses	13	24,771,245	5,040,218
Relief and emergency support expenses	14	1,222,003	5,243,896
Financial charges		4,306	9,544
		<u>30,964,049</u>	<u>14,759,896</u>
Net (deficit) / surplus for the year		<u>(2,225,713)</u>	<u>59,478</u>

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



**CHIEF EXECUTIVE**



**GOVERNOR**





**HISAAR FOUNDATION  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2012**

	2012 Rupees	2011 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit) / surplus before taxation	(2,225,713)	59,478
Adjustment for items not involving movement of funds:		
Release of deferred income to profit and loss	(88,333)	(85,555)
Amortization of deferred credit	(24,535,962)	(3,513,984)
Depreciation	219,316	237,042
Operating (loss) before working capital changes	<u>(26,630,692)</u>	<u>(3,303,019)</u>
<b>(Increase) / decrease in current assets</b>		
Advances	443,609	(449,613)
Other receivables	64,411	27,331
	508,020	(422,282)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	100,000	(27,377)
Loan from Governors	-	-
Accrued expenses	934,866	(49,230)
	1,034,866	(76,607)
Cash used in operations	<u>(25,087,807)</u>	<u>(3,801,908)</u>
Net cash used in operating activities	<u>(25,087,807)</u>	<u>(3,801,908)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition in fixed assets	<u>(96,790)</u>	<u>(166,545)</u>
Net cash used in investing activities	<u>(96,790)</u>	<u>(166,545)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grants received from donors	21,172,758	6,877,188
Deferred income	-	25,000
Net cash generated from financing activities	<u>21,172,758</u>	<u>6,902,188</u>
Net (decrease) / increase in cash and cash equivalents	<u>(4,011,839)</u>	<u>2,933,735</u>
Cash and cash equivalents at the beginning of the year	3,109,213	175,478
Cash and cash equivalents at end of the year	<u><u>(902,624)</u></u>	<u><u>3,109,213</u></u>

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

  
CHIEF EXECUTIVE

  
GOVERNOR  


**HISAAR FOUNDATION  
(COMPANY LIMITED BY GUARANTEE  
AND LICENSED UNDER SECTION 42 OF  
COMPANIES ORDINANCE, 1984)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**1 NATURE AND STATUS OF COMPANY**

- 1.1 Hisaar Foundation ("the Company") was established under a license granted by the Securities and Exchange Commission of Pakistan under section 42 of the Companies Ordinance, 1984 on January 14, 2003. The main object of the Company is to promote and advance the welfare and the well being of the people of Pakistan and of other countries of the world. Registered address of the Company is located at House No. D-66/1, 1st Floor, Block-4, Scheme 5, Clifton, Karachi.
- 1.2 The Company incurred a loss for the year ended June 30, 2012 amounting to Rs. 2.23 million which exceeded the Capital fund of the Company by Rs. 1.75 million as at balance sheet date. The Company expects to receive programme income and donations which would restore the negative balance in the capital fund. Furthermore, the Company expects to streamline its operations resulting in cost savings in the future. As such, these financial statements have been prepared on a going concern basis.
- 1.3 During the year the Company received certificate from the Pakistan Centre for Philanthropy vide certificate dated January 01, 2012.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Accounting convention**

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

**2.3 Operating fixed assets**

These are stated at cost less accumulated depreciation. Depreciation is charged using the straight line method at the rates specified in the relevant note.



Full month depreciation is charged during the month in which the asset is acquired, while no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred.

#### **2.4 Other receivables**

Other receivables are recognized at normal amount which is fair value of the consideration to be received in future.

#### **2.5 Cash and bank balances**

Cash in hand and at banks are carried at nominal amount.

#### **2.6 Trade and other payables**

Liabilities for trade and other payables 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 Company.

#### **2.7 Taxation**

The Company has been provided exemption from levy of income tax, and therefore, no provision for tax has been made for the year.

#### **2.8 Revenue recognition**

Donations, fees and programme income are recognized on receipt basis.

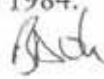
Unrestricted grants are recognized in income and expenditure account on receipt basis.

Restricted grants received for revenue expenditure are treated as "Grant Income" upon utilization. Restricted grant received is credited to "Deferred Credit - Unutilized Grant" upon receipt of funds. This grant is transferred to profit and loss account when conditions stipulated for its receipt have been complied with.

Grants not utilized are repayable and shown as "Deferred Credit - Unutilized Grant".

#### **2.9 Related party transactions and transfer pricing**

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.





## 2.10 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company.

	Note	2012 Rupees	2011 Rupees
<b>3 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	3.1	438,167	560,693
Less: Deferred income	3.2	(184,445)	(272,778)
		<u>253,722</u>	<u>287,915</u>

### 3.1 Operating fixed assets

Particulars	C o s t			Rate %	D e p r e c i a t i o n			Book value as at 30-06-2012
	As at 01-07-2011	Additions	As at 30-06-2012		As at 01-07-2011	For the year	As at 30-06-2012	
<b>Ow ned</b>								
Office equipment	389,398	-	389,398	20	205,577	58,460	264,037	125,361
Computers (3.2)	566,789	71,790	638,579	33.33	456,780	71,896	528,676	109,903
Vehicle (3.2)	402,200	-	402,200	20	147,217	80,440	227,657	174,543
Furniture and fixture	17,600	25,000	42,600	20	5,720	8,520	14,240	28,360
<b>Total rupees – 2012</b>	<b>1,375,987</b>	<b>96,790</b>	<b>1,472,777</b>		<b>815,294</b>	<b>219,316</b>	<b>1,034,610</b>	<b>438,167</b>
<b>Total rupees – 2011</b>	<b>1,209,442</b>	<b>166,545</b>	<b>1,375,987</b>		<b>578,252</b>	<b>237,042</b>	<b>815,294</b>	<b>560,693</b>

### 3.2 Deferred income

	2012 Rupees	2011 Rupees
Opening net book value of donated assets	272,778	333,333
Donations received during the year	-	25,000
Less: Amortization to profit and loss account	(88,333)	(85,555)
	<u>184,445</u>	<u>272,778</u>

## 4 ADVANCES AND PREPAYMENTS

Unsecured (considered good)		
Advances to staff	72	13,471
Advance income tax	69,109	61,319
Advance for PCP certification	-	75,000
Prepaid rent	-	363,000
	<u>69,181</u>	<u>512,790</u>

## 5 CASH AND BANK

Cash in hand	3,325	8,560
Cash at bank in current account	12,350	3,100,653
	<u>15,675</u>	<u>3,109,213</u>

	2012 Rupees	2011 Rupees
<b>6 CAPITAL FUND</b>		
Opening balance	479,727	420,249
Surplus for the year	(2,225,713)	59,478
Closing balance	<u>(1,745,986)</u>	<u>479,727</u>

**7 DEFERRED CREDIT - UNUTILIZED GRANTS**

Particulars	AAB Project (UBL)	Mutual Accountability in Urban Water Sector (ANSA)	2012	2011
			Rupees	
Balance as on July 01	3,363,204	-	3,363,204	-
Add: Grants received from Donors 7.1	19,224,755	1,005,188	20,229,943	6,877,188
Less: Grants utilized	22,587,959	1,948,003	24,535,962	3,513,984
Closing balance-(receivable)/payable	-	(942,815)	(942,815)	3,363,204

7.1 This includes receipts of:

7.1.1 Rs. 19.22 million from United Bank Limited (UBL) under an agreement for implementation of a project entitled "Total Water Solutions". Under this agreement UBL was to provide a total sum of Rs. 23.40 million over a period of one year till April 2012 for rehabilitation of existing water system, provision of new filter plants and other proposed water interventions to support flood relief efforts in Pakistan.

7.1.2 Rs. 1.005 million (USD 11,250) from The Affiliated Network for Social Accountability (ANSA) under an agreement for the implementation of a project entitled "Mutual Accountability in Urban Water Sector". Under this agreement ANSA was to provide a total sum of USD 45,000 over 15 months ending March 2012 against achievement of specified milestones.

	2012 Rupees	2011 Rupees
<b>8 TRADE AND OTHER PAYABLES</b>		
Other payables	100,000	-
Related parties	4,482	4,482
Others	<u>104,482</u>	<u>4,482</u>

*RSB*



## 9 CONTINGENCIES AND COMMITMENTS

There was no contingent liability and commitment as at the balance sheet date.

	Note	2012 Rupees	2011 Rupees
<b>10 RELIEF AND EMERGENCY SUPPORT INCOME</b>			
Donation for flood relief		1,411,732	5,442,225
Zakat		140,000	536,985
		<u>1,551,732</u>	<u>5,979,210</u>
<b>11 PROGRAMME SUPPORT INCOME</b>			
Mutual Accountability in Urban Water Sector (ANSA)		1,005,188	2,877,188
AAB Project(UBL)		22,587,959	636,796
Stakeholder training workshop (Capnet)		-	1,795,310
		<u>23,593,147</u>	<u>5,309,294</u>
<b>12 ADMINISTRATIVE EXPENSES</b>			
Salaries and wages		1,637,610	1,407,386
Printing		1,350	51,953
Office stationery and supplies		2,555	56,818
Postage and courier		28,770	28,102
Entertainment		3,285	85,388
Professional charges		20,000	15,000
Computer stationery		1,150	23,428
Depreciation	3.1	219,319	237,042
Honorarium		6,500	16,350
Utilities		78,154	97,776
Rent		1,488,300	981,750
Photocopying		2,921	22,932
Books and periodicals		6,695	5,824
Repair and maintenance		116,012	153,905
Travelling, conveyance and maintenance		328,080	662,060
Office kitchen supplies		82,935	119,458
Internet and email / web maintenance and hosting		24,400	64,900
Generator rent and running		109,280	49,743
Press conference and meeting		39,464	13,838
Miscellaneous		27,198	32,479

*ASL*

	2012 Rupees	2011 Rupees
Drip irrigation	13,910	7,816
Advertising expense	-	17,500
Fees and subscription	472,500	180,540
Electricity expense	181,107	133,650
Workshop expense	-	600
PCP Certification fee	75,000	-
	<u>4,966,495</u>	<u>4,466,238</u>
Mutual Accountability in Urban Water Sector (ANSA)	1,948,003	1,633,003
AAB project (UBL)	22,587,959	636,796
SEA project	-	2,498
School rehabilitation programme	235,283	851,782
Stakeholder training workshop (Capnet)	-	395,960
Karachi Water Partnership	-	738,141
GWP team visit Karachi	-	85,059
Women support programme (Citi Foundation/UWW)	-	696,979
	<u>24,771,245</u>	<u>5,040,218</u>

#### 14 RELIEF AND EMERGENCY SUPPORT EXPENSES

Flood relief program	1,082,003	4,706,912
Zakat utilized for flood relief programmes	140,000	536,985
	<u>1,222,003</u>	<u>5,243,897</u>

#### 15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties are as follows:

Loan received from Governors	<u>100,000</u>	<u>-</u>
Laptop donated to the Company	<u>-</u>	<u>25,000</u>

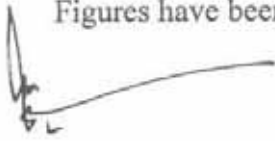
#### 16 DATE OF AUTHORIZATION FOR ISSUE

The Board of Governors of the Company authorized these financial statements for issue on 29 SEP 2012.

*[Signature]*

17 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



GOVERNOR

