

Auditors' Report to the Trustees

We have audited the annexed balance sheet of the **Bright Star** as at June 30, 2011, the related revenue and expenditure account for the period from October 26, 2009 to June 30, 2011, statement of comprehensive income and cash flow statement together with the notes forming part thereof (here-in-after referred to as the financial statements) for the period then ended.

It is the responsibility of the trustees to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial 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 financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial 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 financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the **Bright Star** as at June 30, 2011 and of its surplus, comprehensive income and cash flow for the period then ended in accordance with the approved accounting standards as applicable in Pakistan.

Place: **Islamabad**

Dated: **24.1.2012**



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Bright Star

Balance sheet as at June 30, 2011

<u>Funds and liabilities</u>	<u>Note</u>	<u>2011</u> (Rupees)
Fund account	4	243,063
Non-current liabilities		
Long term loan	5	-
Contingencies and commitments	6	-
		<u>243,063</u>
<u>Assets</u>		
Non-current assets		
Property and equipment	7	51,563
Current assets		
Cash and bank	8	191,500
		<u>191,500</u>
		<u>243,063</u>

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The annexed notes 1-10 form an integral part of these accounts.



Chairman




Secretary



Bright Star
Revenue and expenditure account
For the period from October 26, 2009 to June 30, 2011

	<u>Note</u>	<u>2011</u> <u>(Rupees)</u>
Revenue		-
Less: Expenditures		
General and administrative	9	71,938
		<u>71,938</u>
Excess of (expenditure over revenue) from operational activities		(71,938)
Revenue from non-operational activities		
Donations - in cash		315,000
		<u>315,000</u>
Excess of revenue over expenditures carried forward to fund account		<u><u>243,063</u></u>

The annexed notes 1-10 form an integral part of these accounts.


Chairman

 **CHAIRMAN**
Bright Star
(Mobile Library)


Secretary

 **SECRETARY**
Bright Star
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Bright Star

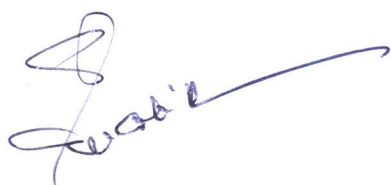
Cash flow statement

For the period from October 26, 2009 to June 30, 2011

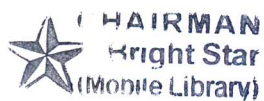
	<u>2011</u> (Rupees)
Cash flow from operating expenses	
Excess of revenue over expenditure	243,063
Adjustment for:	
Depreciation	3,438
	3,438
Operating profit before working capital changes	246,500
(Increase)/decrease in current assets	-
(Increase)/decrease in current liabilities	-
Cash flow from operating activities before taxation	246,500
Income tax paid	-
Net cash (used)/generated from operating activities	246,500
Cash flow from investing activities	
Fixed capital expenditures	(55,000)
Net cash (used)/generated in investing activities	(55,000)
Cash flow from financing activities	
Fund account	-
Net cash (used)/generated in financing activities	-
Net (decrease)/increase in cash and cash equivalents	191,500
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	191,500

(8)

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Chairman



Secretary



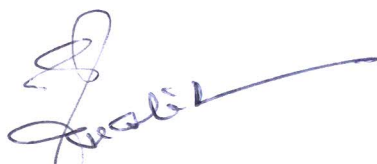
Bright Star

Statement of comprehensive income

For the period from October 26, 2009 to June 30, 2011

	<u>2011</u>
	(Rupees)
Excess of revenue over expenditures for the year	243,063
Other comprehensive income	-
Total comprehensive income for the year	<u>243,063</u>

The annexed notes 1-10 form an integral part of these accounts.


Chairman

 **CHAIRMAN**
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Secretary

 **SECRETARY**
Bright Star
(Mobile Library)

Bright Star

Notes to the accounts

For the period from October 26, 2009 to June 30, 2011

1. Trust and its objectives

Bright Star is a not-for-profit organization, registered on October 26, 2009 with Joint Sub-Registrar, Islamabad as Trust. The registered office of the Trust is located at House No. 2, Murtaza Street, Bani Galla, Islamabad.

The main object of the Trust is to use mobile library services to cultivate and promote good reading habits among young students (boys and girls) of primary and middle schools and to contribute towards grooming children of today to become knowledgeable, responsible and healthy adults of tomorrow.

2. Statement of compliance and significant accounting estimates

2.1) Statement of compliance

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

2.2) Basis of measurement

These accounts have been prepared under the historical cost convention, without any adjustments for the effects of inflation or current values.

2.3) Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Trust's financial currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.4) Use of significant estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

3. Significant accounting policies

The principal accounting policies which have been adopted in the preparation of these accounts are summarized below:

3.1) Taxation

No provision for taxation has been made in these accounts as the income/donation of the company is exempt from levy of income tax under clause 92 of the 2nd Schedule to the Income Tax Ordinance, 2001 being an educational and charitable institution solely for educational and charitable purposes and not for the purposes of making profit.

3.2) Property and equipment

- i) These are stated at cost less accumulated depreciation and impairment losses, if any;
- ii) Depreciation on operating assets is charged on straight line method;
- iii) A full month's depreciation is charged in the month of addition and no depreciation is charged in the month of disposal;
- iv) Gain or loss, if any, on disposal of fixed assets is included in current year's income;
- vi) Maintenance and normal repairs are charged to income as and when incurred and major renewals and improvements are capitalized.

3.3) Impairment

The trust reviews the useful lives and residual value of its assets on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge.

3.4) Revenue recognition

Revenue from donations and other receipts are recognized on actual receipt basis.

3.5) Donation-in-kind

Donations-in-kind received has been valued and recorded at their estimated fair value as provided by the donor or, in absence of donor's valuation, at wholesale values estimated by the organization, at the time the goods are received from the donor.

3.6) Volunteer services

The efforts of volunteer workers are not reflected in the accompanying financial statements, in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization.

4. Fund account

Balance at start of financial year
Add: Excess of revenue over expenditure

2011
(Rupees)

-
243,063
243,063

5. Long term loan

This represents two vehicles having Reg No. X-68-5068 and X-68-5069 being loaned by World Food Program (WFP) for a period of five years to facilitate promotion of education amongst school children. The loan commencement date for Vehicle Reg. No. X-68-5069 is September 2010 and for Vehicle Reg. No. X-68-5068 is November 2010. WFP reserves the right to cancel this loan and withdraw the vehicles if not used for the intended purpose.

6. Contingencies and commitments

a) Contingencies

Currently there are no contingencies outstanding against the trust.

b) Commitments

Currently there are no commitments made by the trust.

7. Property and equipment

Particulars	C o s t			Rate	D e p r e c i a t i o n			W.D.V. as at 30.06.2011
	As on 26.10.2009	Additions	As at 30.06.2011		As on 26.10.2009	For the period	As at 30.06.2011	
Furniture and fixture	-	55,000	55,000	15%	-	3,438	3,438	51,563
Rupees - 2011	-	55,000	55,000		-	3,438	3,438	51,563

8. Cash and bank

**2011
(Rupees)**

Cash in hand	26,500
Cash at bank	
- Pak rupees - current account	165,000
	191,500

9. General and administrative expenses

Vehicle wrapping charges	40,000
Staff salaries and benefits	18,000
Vehicle battery	7,000
Insurance	2,230
Printing and stationery	1,270
Depreciation	(7) 3,438
	71,938

10. Date of authorization for issue

These financial statements have been authorized for issue on 28-12-2012 by the board of trustees.


Chairman


Secretary

SECRETARY