

Independent Auditor's Report to the Trustees

Opinion

We have audited the financial statements of **Bright Star Mobile Library**, which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure, statement of changes in funds and reserves and statement of cash flows statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **Bright Star Mobile Library** as at June 30, 2021 and its income and expenditure and its cash flows 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 the 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 entity 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 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


The management is 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 control as the management determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

The Trust is responsible for overseeing the entity'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 entity's internal controls.
- 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 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 entity'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 entity to cease to continue as a going concern.

We communicate with 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 controls that we identify during our audit.

Other Matter(s)

The engagement partner on the audit resulting in this independent auditor's report is **Shah Naveed Saeed**.

Place: Islamabad

Date: **15 MAR 2022**

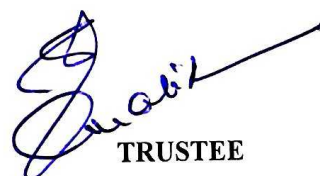

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

**BRIGHT STAR MOBILE LIBRARY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4.1	4,218,729	5,253,656
Long term Deposits	5	55,000	55,000
		4,273,729	5,308,656
CURRENT ASSETS			
Cash and bank	6	2,488,235	2,738,946
Advances, deposits and prepayments	7	7,333	152,083
		2,495,568	2,891,029
TOTAL ASSETS		6,769,297	8,199,685
CURRENT LIABILITIES			
Accrued and other liabilities	8	31,500	31,900
		31,500	31,900
TOTAL LIABILITIES		31,500	31,900
NET ASSETS		6,737,797	8,167,785
REPRESENTED BY:			
FUNDS AND RESERVES			
General Fund		2,470,846	3,018,492
Deferred Grant		4,266,951	5,149,293
		6,737,797	8,167,785
CONTINGENCIES AND COMMITMENTS	9	-	-

The annexed notes 1-13 form an integral part of these financial statements.


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**BRIGHT STAR MOBILE LIBRARY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
Revenue	10	3,070,142	6,558,708
Administrative expenses	11	(3,617,788)	(5,641,452)
SURPLUS / (DEFICIT) FOR THE YEAR		<u>(547,646)</u>	<u>917,256</u>

The annexed notes 1-13 form an integral part of these financial statements.

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**BRIGHT STAR MOBILE LIBRARY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Rupees	2020 Rupees
Profit Before Tax	(547,646)	917,256
Adjustments for:		
Depreciation	1,049,006	2,165,846
Amortization of Deferred Grant	(882,342)	(1,816,311)
	<u>(380,982)</u>	<u>1,266,791</u>
Changes in working capital		
(Increase)/decrease in current assets	130,671	49,339
Increase/(decrease) in current liabilities	(400)	(18,100)
	<u>130,271</u>	<u>31,239</u>
Cash used in operations		
Income tax paid	-	-
Net cash (used)/generated from operating activities	<u>(250,711)</u>	<u>1,298,030</u>
Cash flow from investing activities		
Purchase of fixed assets	-	(1,036,633)
Net cash (used)/generated in investing activities	<u>-</u>	<u>(1,036,633)</u>
Net (decrease)/increase in cash and cash equivalents	(250,711)	261,397
Cash and cash equivalents at the beginning of the year	2,738,946	2,477,549
Cash and cash equivalents at the end of the year	<u>2,488,235</u>	<u>2,738,946</u>

The annexed notes 1-13 form an integral part of these financial statements.

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**BRIGHT STAR MOBILE LIBRARY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General fund	Deffered grants	Total
	Rupees		
Balance as at June 30, 2018	1,918,378	8,775,683	10,694,061
Income /(loss for the year)	182,858	-	182,858
Less: Expenses incurred for the Project activity	-	(63,000)	(63,000)
Amortization of Deferred Grant	-	(1,747,079)	(1,747,079)
Balance as at June 30, 2019	2,101,236	6,965,604	9,066,840
Income /(loss for the year)	917,256	-	917,256
Amortization of Deferred Grant	-	(1,816,311)	(1,816,311)
Balance as at June 30, 2020	3,018,492	5,149,293	8,167,785
Income /(loss for the year)	(547,646)	-	(547,646)
Amortization of Deferred Grant	-	(882,342)	(882,342)
Balance as at June 30, 2021	2,470,846	4,266,951	6,737,797

The annexed notes 1-13 form an integral part of these financial statements.


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**BRIGHT STAR MOBILE LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1 LEGAL STATUS AND ITS OPERATIONS

Bright Star is a not-for-profit organization, registered on October 26, 2009 with joint Sub-Registrar under Trust Act, 1882 Islamabad as Trust. The registered office of the Trust is located at House # 2, Murtaza Street, Bani Galla, Islamabad.

The main objective of the Trust is to provide mobile library services to schools in order to cultivate and promote good reading habits among young students of primary and middle schools, and to contribute towards grooming today's children of today to become knowledgeable, responsible and healthy adults of tomorrow.

2 BASIS OF PREPARATION

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

2.1 Statement of compliance

These financial statements have been prepared at the entity level prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved Accounting Standards comprise of Accounting and Reporting Standards for Small-Sized Entities (SSEs) issued by The Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective Policies and Notes given hereunder.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting policies as laid down below:

3.1 Property and equipment

Property, plant and equipment, recognized initially at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land and capital work-in-progress which are stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items which comprises of purchase price, non-refundable local taxes and other directly attributable cost including borrowing cost.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

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BRIGHT STAR MOBILE LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Disposal of asset is recognized when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other operating expenses/income' in the statement of income and expenditure.

Depreciation is charged to the statement of income and expenditure using reducing balance method whereby the cost of an operating asset is written off at the rates given in note 4. Full month depreciation is charged in the month of purchase and no depreciation is charged in the month of disposal.

The Trust reviews the depreciation method and useful life of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

3.2 Advances and Prepayments

Advances, deposits and prepayments are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash in hand and balances at banks.

3.4 Accrued and other liabilities

Liabilities for accrued and other payable are initially recognized at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using effective interest method.

3.5 Deferred grants

Capital grants received/used for acquisition of fixed assets are deferred and recognized as income to the extent the assets is depreciated over the useful life of the assets.

3.6 Donations

Donations received in kind have not been incorporated in these accounts. . Any unspent grant is considered as deferred grant.

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BRIGHT STAR MOBILE LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

4.1

PROPERTY, PLANT AND EQUIPMENT											Notes	2021 Rupees	2021 Rupees
											4.1	4,218,729	5,253,656
PARTICULARS	C O S T				Rate %	DEPRECIATION				W.D.V.			
	As at July 01, 2020	Additions/ Transfers	Disposals/ Transfers	As at June 30, 2021		As at July 01, 2020	Disposals/ Transfers	For the year	As at June 30, 2021	As at June 30, 2021			
Rupees						Rupees				Rupees			
Furniture and fixtures	416,480		-	416,480	15%	210,164	-	30,947	241,111	175,369			
Office equipment	548,679		-	548,679	15%	154,035	-	59,197	213,232	335,447			
Computer Equipment	771,650		-	771,650	30%	516,583	-	76,520	593,103	178,547			
Motor vehicles	9,011,160	-	-	9,011,160	20%	4,655,766	-	871,079	5,526,845	3,484,315			
Electrical Equipment	70,393	-	-	70,393	20%	14,079	-	11,263	25,342	45,051			
	10,818,362	-	-	10,818,362		5,550,627	-	1,049,006	6,599,633	4,218,729			
PARTICULARS	C O S T				Rate %	DEPRECIATION				W.D.V.			
	As at July 01, 2019	Additions/ Transfers	Disposals/ Transfers	As at June 30, 2020		As at July 01, 2019	Disposals/ Transfers	For the year	As at June 30, 2020	As at June 30, 2020			
Rupees						Rupees				Rupees			
Furniture and fixtures	211,800	204,680	-	416,480	15%	149,657	-	60,507	210,164	206,316			
Office equipment	120,906	427,773	-	548,679	15%	78,173	-	75,862	154,035	394,644			
Computer Equipment	367,470	404,180	-	771,650	30%	303,417	-	213,166	516,583	255,067			
Motor vehicles	9,011,160	-	-	9,011,160	20%	2,853,534	-	1,802,232	4,655,766	4,355,394			
Electrical Equipment	70,393	-	-	70,393	20%	14,079	-	14,079	28,158	42,235			
	9,781,729	1,036,633	-	10,818,362		3,398,860	-	2,165,846	5,564,706	5,253,656			

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**BRIGHT STAR MOBILE LIBRARY
NOTES TO THE FINANCIAL STATEMENTS**

	Notes	2021 Rupees	2020 Rupees
5 LONG TERM DEPOSITS			
Security deposits		55,000	55,000
		<u>55,000</u>	<u>55,000</u>
6 CASH AND BANK			
Cash in hand		2,549	9,872
Cash at bank			
United Bank Limited		1,055,993	1,055,993
Standard Chartered		1,429,693	1,673,081
		<u>2,485,686</u>	<u>2,729,074</u>
		<u>2,488,235</u>	<u>2,738,946</u>
7 ADVANCES & PREPAYMENTS			
Prepaid Insurance		7,333	152,083
		<u>7,333</u>	<u>152,083</u>
8 ACCRUED AND OTHER LIABILITIES			
Audit Fees		31,500	31,900
		<u>31,500</u>	<u>31,900</u>

9 CONTINGENCIES AND COMMITMENTS

Currently, there are no contingencies outstanding against the trust and no commitments are made by the trust.

	Notes	2021 Rupees	2020 Rupees
10 REVENUE			
Donations	10.1	2,187,800	4,742,397
Amortization of deferred grant		882,342	1,816,311
		<u>3,070,142</u>	<u>6,558,708</u>

10.1 DONATIONS

In cash		197,000	11,500
Trustees		-	85,000
The Asia Foundation	10.1.1	-	208,797
Give to Asia	10.1.2	1,990,800	4,437,100
		<u>2,187,800</u>	<u>4,742,397</u>

10.1.1 This represent funds received from "The Asia Foundation", a non profit international development organization committed to improving lives across a dynamic and developing Asia.

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BRIGHT STAR MOBILE LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

10.1.2 This represent funds received from "Give2Asia", an organization work for the strengthen the work of local organizations and mobilize support through philanthropic giving from Individuals, Family Foundations, and Corporations.

	Notes	2021 Rupees	2020 Rupees
11 ADMINISTRATIVE EXPENSES			
Staff salaries and benefit			
Vehicle running and maintenance		1,336,815	1,854,896
Insurance		176,965	96,396
Printing and stationery		11,000	109,917
Depreciation		32,070	17,091
Audit Fee	4	1,049,006	2,165,846
EOBI Contribution		31,500	31,900
Office Rent		74,550	161,944
Office Expense		660,000	633,936
Bank Charges		62,951	296,457
Withholding Tax		-	580
Utility		-	60,858
Other		107,294	123,222
		<u>75,637</u>	<u>88,409</u>
		<u>3,617,788</u>	<u>5,641,452</u>

12 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

The rapid spread of COVID-19 pandemic across the world, has not only endangered human lives but has also adversely impacted the global economy. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. On March 20, 2020, the Government announced a temporary lock down as a measure to reduce the spread of the COVID-19.

In line with the directives of the Government and after implementing all necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the company continued its operations during the lock down and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

Therefore, there is no impact of COVID-19 on financial Statements.

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the board of trustees on 15 MAR 2022

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