

Lahore Biennale Foundation

Financial statements
for the year ended 30 June 2016



KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent auditors' report to Board of Directors

We have audited the accompanying financial statements of **Lahore Biennale Foundation**, which comprise of the balance sheet as at 30 June 2016 and the income and expenditure account, the statement of changes in accumulated funds and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management responsibility for the financial statements

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal controls as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Directors, as well as evaluating the overall presentation of the financial statements.

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KPMG Taseer Hadi & Co.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Lahore Biennale Foundation** as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Date: 10 February 2017

Lahore

KPMG Taseer Hadi & Co
KPMG Taseer Hadi & Co
Chartered Accountants
(Bilal Ali)

Lahore Biennale Foundation

(A Foundation registered under Societies Registration Act, XXI of 1860)

Balance Sheet

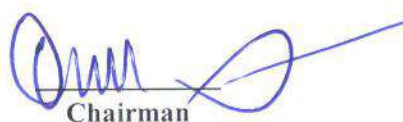
As at 30 June 2016

	Note	2016 Rupees	2015 Rupees
Assets			
<u>Non-current assets</u>			
Equipments	4	1,750,837	1,316,285
Long term advances		150,000	-
		1,900,837	1,316,285
<u>Current assets</u>			
Advance and other receivables	5	41,485	7,500,000
Cash & bank balances	6	3,989,801	5,086,905
		4,031,286	12,586,905
		5,932,123	13,903,190
<u>Current liabilities</u>			
Creditors and accrued liabilities	7	240,977	6,802,879
Provision for tax - net	8	589,664	1,314,285
		830,641	8,117,164
Contingencies and commitments	9		
Net assets		5,101,482	5,786,026
Represented by funds:			
Accumulated funds		5,101,482	5,786,026

The annexed notes from 1 to 16 form an integral part of these financial statements.

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Lahore


Chairman


Director

Lahore Biennale Foundation

(A Foundation registered under Societies Registration Act, XXI of 1860)

Income and Expenditure Account

For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Income	10	15,643,652	19,520,928
<u>Expenditure</u>			
Projects expenses	11	(9,347,910)	(9,282,861)
Administrative expenses	12	(7,103,791)	(2,658,547)
Finance cost	13	(21,290)	(10,725)
Other income	14	144,795	145,907
(Deficit) / Surplus before taxation		(684,544)	7,714,702
Taxation	8	-	(1,928,676)
(Deficit) / Surplus after taxation		(684,544)	5,786,026

The annexed notes from 1 to 16 form an integral part of these financial statements.

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Lahore



Chairman



Director

Lahore Biennale Foundation

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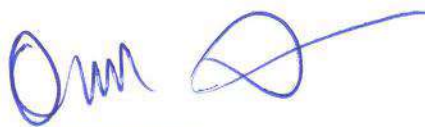
Statement of Changes in Accumulated Funds

For the year ended 30 June 2016

	<u>Accumulated Funds Rupees</u>
Balance as at 28 March 2014	-
Surplus for the year	5,786,026
Balance as at 30 June 2015	<u>5,786,026</u>
Deficit for the year	(684,544)
Balance as at 30 June 2016	<u><u>5,101,482</u></u>

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Lahore



Chairman


Director

Lahore Biennale Foundation

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Cash Flow Statement

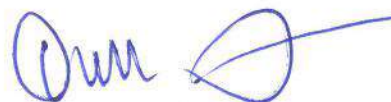
For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
<u>Cash flow from operating activities</u>			
(Deficit) / surplus before taxation		(684,544)	7,714,702
Adjustments for:			
Depreciation for the year		160,518	37,605
Profit on bank deposits		(143,195)	(143,907)
Finance cost		21,290	10,725
Exchange gain		(1,600)	-
		37,013	(95,577)
Surplus before working capital changes		(647,531)	7,619,125
<u>Effect on cashflow due to changes in current assets and current liabilities</u>			
Decrease / (increase) in current assets:			
Advances and other receivables		7,458,515	(7,500,000)
(Decrease) / increase in current liabilities:			
Creditors and accrued liabilities		(6,560,302)	6,802,879
Cash generated from operations		250,682	6,922,004
Taxes paid		(724,621)	(614,391)
Finance cost paid		(21,290)	(10,725)
Long term advances		(150,000)	-
Net cash (used in) / generated from operating activities		(645,229)	6,296,888
<u>Cashflow from Investing activities</u>			
Capital expenditure incurred		(595,070)	(1,353,890)
Profit on bank deposits received		143,195	143,907
Net cash used in investing activities		(451,875)	(1,209,983)
<u>Cashflow from Financing activities</u>			
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		(1,097,104)	5,086,905
Cash and cash equivalents at beginning of the year		5,086,905	-
Cash and cash equivalents at end of the year		3,989,801	5,086,905

The annexed notes from 1 to 16 form an integral part of these financial statements.

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Lahore



Chairman


Director

Lahore Biennale Foundation

(A Foundation registered under Societies Registration Act, XXI of 1860)

Notes to the Financial Statements

For the year ended 30 June 2016

1 Reporting entity

Lahore Biennale Foundation ("the Foundation") was incorporated on 28 March 2014 as a Foundation registered under Societies Registration Act, 1860 as a non-profit organization. The registered office of the Foundation is situated at 101 Habitat Flats, Jail Road, Lahore. The main objective of the Foundation is to promote public engagement with the Arts and their related fields, including but not limited to fine arts, architecture, design, literature, visual and performing arts, and to help restore the role of the Arts in the national discourse.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Guidelines for Accounting and Financial Reporting Framework by Non-Government Organizations (NGOs) / Non-Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Foundation's functional currency and has been rounded to the nearest Rupee.

2.4 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Foundation's financials statements or where judgements were exercised in application of accounting policies are as follows:

	Note
- Useful life and residual value	2.4.1
- Provision for doubtful debts	2.4.2
- Provisions and contingencies	2.4.3
- Impairment	2.4.4
- Taxation	2.4.5

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2.4.1 Useful life and residual value

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

2.4.2 Provision against trade debts, advances and other receivables

The Foundation reviews the recoverability of its trade debts and other receivables to assess impairment and provision required there against on annual basis.

2.4.3 Provision and contingencies

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

2.4.4 Impairment

The management of the Foundation reviews carrying amounts of its assets including receivables and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.5 Taxation

The Foundation takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Foundation's view differs from the view taken by the income tax department at the assessment stage and the Foundation considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

3.1 Equipments

Equipments of the Foundation are stated at cost less accumulated depreciation and impairment loss, if any. Cost in relation to property and equipment comprises acquisition and other directly attributable costs.

Depreciation charge is based on straight line method whereby the cost of an asset is written off to income and expenditure account at the rates prescribed in note 4 to these financial statements. Depreciation on additions and deletions is charged on the month in which the addition / deletion is made.

Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

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

Gain / loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognized in income and expenditure account.

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3.2 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents mainly comprise cash and bank balances which are stated in the balance sheet at cost.

3.3 Creditors, accrued and other liabilities

Liabilities for creditors, accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.4 Provisions and contingencies

Provisions are recognized in the balance sheet when the Foundation has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.5 Impairment losses

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Non financial assets

The carrying amount of the Foundation's non-financial assets, are reviewed at each balance sheet to determine whether there is any indication of impairment loss. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss if any.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash flows of other assets of cash generating units.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit and loss.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

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3.6 Recognition of cost/ expenditure

Costs and expenditure are recognised as an expense, at historical cost, during the period in which they are incurred, and not in a subsequent period. Expenditure linked to performance-based (restricted) contributions are recognised to the extent that the Foundation or any other nominated recipient of the contribution has provided the specified service or work or incurred the specified expenditure.

3.7 Financial instruments

Financial assets and liabilities are recognized when the Foundation becomes a party to contractual provisions of the instrument and de-recognized when the Foundation loses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and liabilities are included in income and expenditure account for the year.

3.8 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.9 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at exchange rates prevailing on the balance sheet date. All exchange differences are charged to income and expenditure account.

3.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income and expenditure account, except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity respectively

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Foundation recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.11 Trade debts and other recievables

Trade debts and other recievables are stated at their nominal value as reduced by appropriate allowance for doubtful debts. Bad debts are writtten off as and when identified.

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3.12 Income recognition

Restricted revenue

Restricted revenue is based on agreements, contracts, or other understanding, where the conditions for receipt of the funds are linked to a performance, of a service or other process. The Foundation earns the revenue through compliance with the conditions that have been laid down and meeting the envisaged obligations. Revenue is recognised in the income and expenditure account when there is reasonable assurance that the contribution will be received, and the conditions stipulated for its receipt have been complied with.

Unrestricted revenue

Revenue from general unrestricted resources is recognised when the amount of revenue can be measured reliably, or when it is probable that the economic benefits associated with the transaction will flow to the Foundation, that is, at the time when no significant uncertainty exists with regard to the amount of the consideration that will be derived from the sources of unrestricted income.

3.13 Bank profit

Profit on bank deposits is recognized on accrual basis.

4 Equipment

	Generator and other electrical equipment	Computers	Office equipment	Furniture and fittings	Total
	----- Rupees -----				
30 June 2016					
Cost					
Balance as at 01 July 2015	1,320,890	33,000	-	-	1,353,890
Additions during the year	-	76,500	342,340	176,230	595,070
Balance as at 30 June 2016	1,320,890	109,500	342,340	176,230	1,948,960
Depreciation					
Balance as at 01 July 2015	33,022	4,583	-	-	37,605
Charge for the year	132,084	17,379	5,179	5,876	160,518
Balance as at 30 June 2016	165,106	21,962	5,179	5,876	198,123
Net book value at 30 June 2016	1,155,784	87,538	337,161	170,354	1,750,837
30 June 2015					
Cost					
Balance as at 01 July 2014	-	-	-	-	-
Additions during the year	1,320,890	33,000	-	-	1,353,890
Balance as at 30 June 2015	1,320,890	33,000	-	-	1,353,890
Depreciation					
Balance as at 01 July 2014	-	-	-	-	-
Charge for the year	33,022	4,583	-	-	37,605
Balance as at 30 June 2015	33,022	4,583	-	-	37,605
Net book value at 30 June 2015	1,287,868	28,417	-	-	1,316,285
Depreciation rate %	10%	33.33%	10%	10%	

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			2016 Rupees	2015 Rupees
5	Advance and other receivables	<i>Note</i>		
	Advance for expenses		41,485	-
	Other Recievable	5.1	-	7,500,000
			<u>41,485</u>	<u>7,500,000</u>
5.1	This relates to recievable against sponsorship fee from Habib Bank Limited for My East is Your West ("MEIYW project") held in Venice, Italy and broadcasted in Lahore, Pakistan.			
6	Cash and bank balances	<i>Note</i>	2016 Rupees	2015 Rupees
	Cash in hand		60,857	77,298
	Cash at banks:			
	Deposit accounts - local currency	6.1	3,928,944	5,009,607
			<u>3,989,801</u>	<u>5,086,905</u>
6.1	These carry mark-up at the rates ranging from 6.60 % to 7.10 % per annum on day end balances (2015: 6.10 % to 7.30 % per annum).			
7	Creditors and accrued liabilities		2016 Rupees	2015 Rupees
	Trade creditors		-	6,571,147
	Accrued liabilities		240,977	231,732
			<u>240,977</u>	<u>6,802,879</u>
8	Provision for tax - net			
	Opening Balance		1,314,285	-
	Provision for tax		-	1,928,676
	Less: Advance tax		(724,621)	(614,391)
	Balance at end of the year		<u>589,664</u>	<u>1,314,285</u>
9	Contingencies and Commitments			
	There are no contingencies and commitments at the reporting date.			
10	Income			
	Sponsorships for projects		4,420,000	15,000,000
	Annual Donations		11,223,652	4,520,928
			<u>15,643,652</u>	<u>19,520,928</u>

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	Note	2016 Rupees	2015 Rupees
11 Projects Expenses			
Salaries, Wages and other Benefits		4,966,404	-
Advertisement and publicity		68,128	271,740
Administrative services		437,333	-
Consultancy and management services		500,000	231,402
Depreciation Expense		132,084	33,022
Electrical Supplies		-	331,501
Entertainment expenses		897,177	213,749
Event management services		676,350	327,789
Freight & Forwarding		14,860	-
Miscellaneous expenses - project		128,310	401,250
Office Supplies		236,270	707,712
Project Supplies		-	5,670,096
Rent, rates and taxes		47,511	1,000,000
Travelling & Conveyance		681,776	94,600
Utilities		331,926	-
Entertainment expenses		17,287	-
Printing and stationery		7,200	-
Professional charges		205,294	-
		<u>9,347,910</u>	<u>9,282,861</u>
12 Administrative expenses			
Salaries wages & benefits		1,668,315	1,692,396
Office supplies		308,740	6,901
Advertisement and publicity		189,130	177,679
Repair and Maintenance		132,045	1,935
Miscellaneous expenses		318,772	439,796
Depreciation	4	28,434	4,583
Travelling & Conveyance		1,657,223	335,257
Consultancy and management services -Admin		107,433	-
Donations		437,200	-
Entertainment expenses		388,691	-
Fees & Subscriptions		165,061	-
Freight & Forwarding		5,440	-
Postage and telephone		100,810	-
Rent, rates and taxes		200,000	-
Seminars & Trainings		567,985	-
Utilities		4,799	-
Printing and Composing		823,713	-
		<u>7,103,791</u>	<u>2,658,547</u>
13 Finance cost			
Bank Charges		<u>21,290</u>	<u>10,725</u>

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	2016 Rupees	2015 Rupees
14 Other Income		
Exchange gain/ loss net	1,600	-
Profit on bank deposits	143,195	143,907
Other Income	-	2,000
	<u>144,795</u>	<u>145,907</u>

15 Related party transaction:

The Foundation's related party include the associated undertakings, entities over which directors are able to exercise influence, directors and key management personnel. Transaction with related party is as follows:

Donation received from	Nature of relationship	2016 Rupees	2015 Rupees
Mr. Osman Khalid Waheed	Director	6,000,000	3,000,000

16 Date of Authorization

These financial statements have been authorized for issue by the Board of Directors of the Foundation in their meeting held on

10 FEB 2017

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Chairman

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Director