

AL-REHMAN WELFARE TRUST
FINANCIAL STATEMENTS
AS AT JUNE 30, 2015

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of Al-Rehman Welfare Trust, "The Trust", which comprises the statements of cash receipts and expenditure (here in after referred to as financial statement) for the year ended June 30, 2015, and note the financial statement.

In our opinion accompanying financial statement of the Trust is prepared in all material respect in accordance with cash and expenditure basis of accounting.

Basic of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibility under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statement section of our report. We are independent of the Trust in accordance with the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we fulfil 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 the Management and Those Charged with Governance for Financial statement

The management of the Trust is responsible for the preparation of the financial statement in accordance with receipts and expenditure basis of accounting and for such internal control as the management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement the management is responsible for assessing the Trust ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Trust or to cease operations or has no other realistic alternate but to do so.

Those charged with governance are responsible for overseeing the 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

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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 decision 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 risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 Trust'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 disclosure 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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represents the underlying transactions and events in a manner that achieve fair presentation.

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 control that we identify during our audit.



Muhammad Adnan Siddiqui

Muhammad Adnan Siddiqui & Co
Chartered Accountants
Karachi



AL-REHMAN WELFARE TRUST
 BALANCE SHEET
 AS AT JUNE 30, 2015

	Note	2015 <i>(Rupees)</i>
FIXED ASSETS		
(Laptop and Camera/ Mobile- Net)		<u>14,332</u>
CURRENT ASSETS		
Other Receivable		<u>52,000</u>
Cash and Bank Balance	5	<u>993,080</u>
		<u>1,045,080</u>
		<u><u>1,059,412</u></u>
FUNDS		
Accumulated general funds		<u>1,059,412</u>
		<u><u>1,059,412</u></u>

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

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AL-REHMAN WELFARE TRUST
 STATEMENT OF RECEIPTS AND PAYMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 <u>(Rupees)</u>
General Funds received during the year		<u>3,843,121</u>
Total Receipts		<u>3,843,121</u>
Less: Expenditure		
Donation	6	3,242,768
Administration Expenses	7	<u>213,341</u>
Surplus / (loss) for the year		<u><u>387,012</u></u>
Opening Fund		672,400
		<u><u>1,059,412</u></u>

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

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AL-REHMAN WELFARE TRUST
 STATEMENT OF CASH FLOW
 FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES	
Profit/(Loss) before taxation	387,012
Operating cash flows before working capital changes	<u>387,012</u>
Add Back :	
Depreciation	7,168
Changes in working capital	
Increase/ (decrease) in current assets	
Accounts receivable	(52,000)
Cash generated from operations	<u>342,180</u>
Taxes paid	-
Net cash used in operating activities	<u>342,180</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(21,500)
Net cash used in investing activities	<u>(21,500)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash generated from financing activities	<u>-</u>
Net (decrease)/increase in cash and cash equivalents (A+B+C)	320,680
Cash and cash equivalents at beginning of the year	672,400
Cash and cash equivalents at end of the year	<u><u>993,080</u></u>

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

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**AL-REHMAN WELFARE TRUST
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

1. LEGAL STATUS AND OPERATIONS

The Al-Rehman Welfare Trust was registered under the Trust Act 1882, on December 19, 2008 for the charitable process. The registered office of the Trust is situated at Suite # 112-113, First Floor, Sea Breeze Plaza, Main Shahra-e-Faisal, Karachi.

The principal activities of the Trust are the promotion and wellbeing of society, community welfare or development, promotion and advancement of education, provision of health care and medical facilities which encompass establishing, maintaining, running, operating, managing, administrating and supporting educational institutions, schools, colleges, medical clinics, mental health, surgical and non-surgical hospitals, sanatoriums, medical camps, medical schools and colleges, libraries and reading rooms, research institutions, laboratories, hospital and retirements homes and benefit of humanity at large.

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 comprised of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as are notified by the Securities and Exchange Commission of Pakistan (SECP).

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 the functional and presentation currency of the Trust.

2.5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the management to exercise its judgements in the process of applying the Trust's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable in the circumstances.

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3. ACCOUNTING POLICES

3.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Donated assets are initially measured at fair value and subsequently carried at valuation less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to income on straight expenditure is capitalized only when it increases the future economic benefits embedded in the item of property, plant and equipment. Gains and losses on disposal of assets are included in income and expenditure account.

3.2 Capital work in progress

Capital work-in-progress is stated at cost less impairment, if any. These costs are transferred in operating fixed assets as and when they are available for use.

3.3 Intangibles

Intangibles are initially stated at cost and subsequently carried at cost less accumulated amortization and impairment losses, if any. Intangibles are amortized on a straight-line-basis over their estimated useful lives unless such lives are indefinite.

Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognized as intangible assets. Costs associated with maintaining computer software are recognized as an expense as and when incurred.

3.4 Financial instruments

Financial assets

The Trust classifies its financial assets in the following categories: at fair value through profit or loss, loans, and receivables, available for sale and held to maturity. The classification depends on the

purpose for which the financial assets were required. Management determines the classification of its financial assets at the time of initial recognition.

a) **At fair value through profit or loss**

Financial assets at fair values through profit or loss are financial assets held for trading and financial assets designated on initial recognition as at fair value through profit or loss.

A financial asset is classified as held for trading if acquired principally for the purpose of

selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise deposits, other receivables and cash and bank balances in the balance sheet.

c) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless investment matures or management intends to dispose of the investments within twelve months from the balance sheet date. There are no available-for-sale financial assets at the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognized at the time when the Trust becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on the trade-date -the date on which the Trust commits to purchase or sell the asset. Financial assets are initially recognized at fair value and transaction costs are expensed to the income and expenditure account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in fair value of the financial assets at fair value through profit or loss category are recognized in the income and expenditure account. Dividend income from financial assets at fair value through profit or loss is recognized in the income and expenditure account as part of 'other income' when the Trust's right to receive payments is established. Gain or losses on sale of investments at fair value through profit or loss are recognized in the income and expenditure account as 'gains and losses from investment securities'.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income and expenditure account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective investment method is recognized in the income and expenditure account as part of 'other income'. Dividends on available-for-sale equity

instruments are recognized in the income and expenditure account as part 'other income' when the Trust's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Trust measures the investments at cost less impairment in value, if any. Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income.

Financial liabilities

All financial liabilities are recognized at the time when Trust becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability in the income and expenditure account.

3.5 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when the Trust has a legally enforceable right to off-set the recognized amounts and the Trust intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.6 Investment in associates and joint ventures

Interests in associates and joint ventures are accounted for using the equity method, after initially being recognized at cost in the balance sheet.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Trust's share of the post-acquisition profits or losses of the investee in income and expenditure account, and the Trust's share of movements in other comprehensive income of the investee in its other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Trust's share or losses in an equity-accounted investment equals or exceeds its interest in the joint ventures, including any other unsecured long-term receivables, the Trust does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profit, the Trust resumes recognition of its share of those profits only after its share of the profits equals the share of losses not recognized.

3.7 Stock of consumables

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the balance sheet.

3.8 Other receivables

Other receivables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost using the effective interest rate method as reduced by provision for receivables considered to be doubtful. A provision for impairment of other receivables is established when there is objective evidence that the Trust will not be able to collect all amount due according to the original terms of receivables. Receivables considered irrecoverable are written off.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balance with banks in current, deposit and savings accounts and short-term investments with original maturities of three months or less.

3.10 Impairment

The carrying amount of the Trust's assets is reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income and expenditure account.

3.11 General fund

Funds generated by the Trust through contribution from the trustees and other donors, without any specific purpose or activity, are classified as unrestricted general funds. Accordingly, any income generated and expenses incurred with respect to normal operations of the Trust, which are not related to Specific funds/activities, are charged to income and expenditure account.

3.12 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost. If any, and subsequently measured at amortized cost.

3.13 Provisions

Provisions are recognized when the Trust has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the

obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Grants

Funds received directly for specific purposes, are classified as grants. Funds provided or utilized for the purchase of capital items from grants are shown in the balance sheet as deferred income and a portion of the grant is recognized as income in the income and expenditure account to match the depreciation and amortization recognized during the year on the related capital terms. Grants utilized for operations are credited to income and expenditure account to the extent of related actual operating expenses. Committed grant is accrued in case where it is probable that the economic benefits of such grant will flow to the Trust.

3.15 Income

Income is recognized to the extent it is probable that the economic benefits will flow to the Trust and the income can be measured reliably. Income is measured at the fair value of the consideration received or receivable and is recognized on the following basis:

- Donations are accounted for on receipt basis. Donations in kind are recognized at fair value determined at the time when the donations are received. Donations in kind are recognized as deferred income and amortized over the life of the assets from the date the assets are available for intended use.
- Income from other sources is recorded on receipt basis.
- Income on investment is recognized on time proportion basis taking into account the implicit rate of return on investments.
- Income on saving bank accounts is recognized in actual basis.

3.16 Expenses

All expenses are recognized in the income and expenditure account on an accrual basis.

3.17 Taxation

Tax liability is calculated and recorded as per The Income Tax Ordinance 2001 and The Income Tax Rules 2002.

3.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalized as part of cost of that asset.

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3.19 Foreign currency transactions and translation

The financial statements are presented in Pakistan Rupees which is the Trust's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and translation at year-end-exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure account.

4. CRITICAL ACCOUNTING ESTIMATED AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are, if any, disclosed in the relevant notes.

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AL-REHMAN WELFARE TRUST
 NOTE TO THE PAYMENTS AND RECEIPTS STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

	2015 <u>(Rupees)</u>
5 Cash and Bank Balance	
Cash at bank - Faisal Bank	993,080
	<u>993,080</u>
6 Donation Contributed	
Purchase of Rashan (Bilal Store)	3,094,838
House Rent	-
Purchase of Machine Sewing (Salika)	11,130
Purchase of Cow	136,800
Contribution is Marriage and School fee & Blanket Drive	-
	<u>3,242,768</u>
7 Administration Expenses	
Salaries and other benefits	176,969
Utility	-
General expenses	19,954
Legal Documents	-
Depreciation	7,168
Conveyance Charges & Medical Fee & Printing	9,250
FED & Cheque Retrun's Charges and with holding tax	-
	<u>213,341</u>

8 Date of authorization to issue

These statements of payments and receipts were authorized for issue by the Trust on _____ by management committee.

9 General

MAS Figures have been rounded off to the nearest rupee.

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