

**GHAZALI EDUCATION TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the financial statements of **Ghazali Education Trust**, which comprise the statement of financial position as at **June 30, 2017**, and the statement of income and expenditure account, statement of changes in fund, and statement of cash flows 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 present fairly, in all material respects, the financial position of the **Trust** as at **June 30, 2017** and of its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not for Profit Organizations (NPOs) issued by Institute of Chartered Accountants of 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 Trust in accordance with the International Ethics Standards Board for Accountants' Code of Professional accountant as adopted by the Institute of Chartered Accountants of Pakistan (the Code), 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 Board of Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Not for Profit Organizations (NPOs) issued by Institute of Chartered Accountants of Pakistan, and for such internal control as the Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

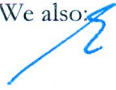
In preparing the financial statements, Board of Trustees is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust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

Those charged with governance are responsible for overseeing the Trust 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 Trust's internal control.
- 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's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the 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 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 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 represent the underlying transactions and events in a manner that achieves 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.

05 JAN 2018

Date:
Place: LAHORE


UHY Hassan Naeem & Co.
Chartered Accountants
Ibne Hassan (FCA)

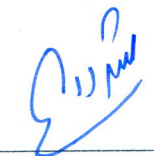



Ghazali Education Trust
Statement of Financial Position
As at June 30, 2017

FUND AND LIABILITIES	Note	2017 Rupees	2016 Rupees	ASSETS	Note	2017 Rupees	2016 Rupees
Fund				Non-current assets			
General fund		195,050,647	177,406,449	Property and equipment	8	132,386,770	117,457,701
				Intangible assets	9	804,797	1,005,996
				Long term investments	10	-	4,000,000
				Long term deposits	11	965,500	955,500
						<u>134,157,067</u>	<u>123,419,197</u>
Non Current liabilities				Current assets			
Deferred grant	5	12,698,966	15,064,861	Advances, prepayments and other receivables	12	38,864,641	41,405,614
Current liabilities				Cash and bank balances	13	71,519,237	52,787,544
Creditors, accrued and other liabilities	6	36,791,332	25,141,045			<u>110,383,878</u>	<u>94,193,158</u>
Contingencies and commitments	7	-	-			<u>244,540,945</u>	<u>217,612,355</u>
		<u>244,540,945</u>	<u>217,612,355</u>				

The annexed notes from 1 to 23 form an integral part of these accounts.

Date : 05 JAN 2018
Place : Lahore


Chairman



President


Ghazali Education Trust
Income & Expenditure Account
For the year ended June 30, 2017

	<i>Note</i>	2017 Rupees	2016 Rupees
INCOME			
Donations	14	314,650,858	237,982,231
Income from schools	15	348,318,734	303,338,420
Other income	16	1,589,230	5,897,982
		664,558,822	547,218,633
EXPENDITURE			
Direct expenses	17	612,287,271	485,853,048
Administrative and general expenses	18	34,627,354	32,429,138
		646,914,625	518,282,186
Taxation	19	-	-
Net surplus for the year transferred to general funds		17,644,197	28,936,447

The annexed notes from 1 to 23 form an integral part of these accounts.

Date : 05 JAN 2018
Place :Lahore


Chairman


President

Ghazali Education Trust
Statement of Changes in Funds
For the year ended June 30, 2017

	General fund	Total
	----- Rupees -----	
Balance as at June 30, 2015	148,470,003	148,470,003
Surplus for the year	28,936,447	28,936,447
Balance as at June 30, 2016	177,406,449	177,406,449
Surplus for the year	17,644,197	17,644,197
Balance as at June 30, 2017	195,050,647	195,050,647

The annexed notes from 1 to 23 form an integral part of these accounts.

Date : 05 JAN 2018
Place: Lahore


Chairman


President

Ghazali Education Trust
Statement of Cash Flows
For the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Cash flows from operating activities			
Deficit for the year		17,644,197	28,936,447
Adjustments for:			
Amortization of intangible assets	9	201,200	183,791
Amortization of deferred grant	5	2,365,895	1,138,949
Depreciation	8.2	9,605,112	9,320,612
Income from investments		-	(1,080,000)
(Gain)/Loss on disposal of fixed assets	8.3	(654,992)	2,687
		11,517,215	9,566,039
Operating cash flows before working capital changes		29,161,413	38,502,486
Working capital changes:			
Advances, prepayments and other receivables		2,540,973	(20,060,973)
Creditors, accrued and other liabilities		11,650,287	8,902,970
Cash used in operations		14,191,260	(11,158,003)
Net cash used in operating activities		43,352,673	27,344,483
Cash flows from investing activities			
Long term deposits		(10,000)	(120,000)
Income from investments		-	1,080,000
Property and equipment acquired	8	(28,181,086)	(23,316,171)
Additions in intangible assets		-	(650,000)
Investment Return		4,000,000	-
Sales proceed property and equipment		1,936,000	9,000
Net cash generated from investing activities		(22,255,086)	(22,997,171)
Cash flows from financing activities			
Deferred grant		(2,365,895)	10,589,620
Net cash generated from financing activities		(2,365,894)	10,589,620
Net increase / in cash and cash equivalents		18,731,693	14,936,932
Cash and cash equivalents at beginning of the year		52,787,544	37,850,612
Cash and cash equivalents at end of the year	13	71,519,237	52,787,544

The annexed notes from 1 to 23 form an integral part of these accounts.

Date : 05 JAN 2018
Place: Lahore


Chairman


President

Ghazali Education Trust
Notes to the Financial Statements
For the year ended June 30, 2017

1 The trust and its operations

Ghazali Education Trust ("the Trust") was established in Pakistan on February 15, 1999 under the Trust Act, 1882. Later on the trust was registered under the Societies Registration Act, XXI of 1860 by the District Officer, Enterprise and Investment Promotion of Registrar, Joint Stock Companies, Lahore District on June 07, 2006. In January 11, 2013 Trust was registered again under the Trust Act 1882. The registered office of the Trust is situated at 5-E Johar Town, Lahore. The Trust is domiciled in Lahore. Main objects of Ghazali Education Trust includes establishment of institutions for eradication of illiteracy and provide research work in the field of education in accordance with Islamic values for public at large who cannot get education due to financial crisis.

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 International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as adopted in Pakistan by council of Institute of Chartered Accountant of Pakistan and Accounting standards for Not for Profit organizations issued by the Institute of Chartered Accountant of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention and using going concern basis of accounting. The Trust maintains its books of accounts on accrual basis, except income.

2.3 Use of estimates and judgment

Preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets, liabilities, incomes 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 consequences of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily identifiable from other resources. Thus actual results may differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are revised if it effects that period only or in the period of revision and future periods if the revision effects both the current and future periods.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the functional currency of the Trust.


3 Summary of significant accounting policies

These accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

All fixed assets, except freehold land are stated at cost less accumulated depreciation less impairment loss if any. Depreciation on all property and equipment is charged to income and expenditure account on the reducing balance method so as to write off the historical cost of an asset over its estimated useful life at the rates given in note 8. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are included in income.



Ghazali Education Trust
Notes to the Financial Statements
For the year ended June 30, 2017

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization. Amortization on all items of intangible assets is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates given in note 9.

3.3 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at banks on current and deposit accounts. Cash and cash equivalents are carried in the Balance Sheet at cost.

3.4 Grant income

Restricted contribution

Contributions have been recognized in accordance with deferral method. Under the deferral method, contributions for which externally imposed restrictions remain unfulfilled are accumulated as deferred contributions in the statement of financial position. Restricted contributions for expenses of the current period should be recognized as revenue in the current period. Restricted contributions that will not be used in the manner stipulated may have to be returned, unless the contributor gives permission for another use.

Unrestricted contribution

Unrestricted contributions are recognized as revenue on receipt basis in the period of receipt.

Fee income

Fee income is recognized over the accrual basis.

Bank profit

Profit on deposits with banks is recognized on time proportion basis taking into account the amounts

3.5 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are initially recorded at exchange rate at transaction date and subsequently translated at the exchange rates prevailing at the balance sheet date. All exchange differences are charged to income and expenditure account. Non monetary assets and liabilities in foreign currencies are carried at exchange rate prevailing at the date of transaction or revaluation.

3.6 Provisions

Provisions are recognized when the trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources 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.

3.7 Taxation

The trust is a non profit organization under section 2(36) of Income Tax Ordinance, 2001 and also income of trust is exempt from tax under section 100C of the Income Tax Ordinance, 2001. Consequently no provision for taxation is made in the financial statements.

3.8 Foreign currency translation


For the purpose of translation, rates of Rs. 104.62 per US Dollar (2016: Rs. 104.50) and Rs. 136.41 per Pound (2016: 140.12) have been used.

4 New standards, amendments to approved accounting standards and new interpretations

Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2017:

- 4.1** There were certain new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or having significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Amendments to approved accounting standards that are effective for the company's accounting periods beginning after October 1, 2016:



Ghazali Education Trust
Notes to the Financial Statements
For the year ended June 30, 2017

4.2 There are certain new amendments to the approved accounting standards that are mandatory for the company's accounting period beginning after October 1, 2016 but are considered not to be relevant or are not expected to have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

5 Deferred grants	<i>Note</i>	2017 Rupees	2016 Rupees
Opening balance		15,064,861	4,475,241
During the year		-	11,728,569
Amortization of deferred grant - asset based	8.2	<u>(2,365,895)</u>	<u>(1,138,949)</u>
		<u>12,698,966</u>	<u>15,064,861</u>
6 Creditors, accrued and other liabilities	<i>Note</i>	2017 Rupees	2016 Rupees
Creditors		4,679,746	5,015,694
Unclaimed receipts		4,837,326	2,425,842
Advance against projects		9,103,368	9,536,562
Accrued expenses	6.1	12,925,755	38,720
Staff health contribution payable		4,617,307	3,504,701
Payable to Dukhtarn E Islam Academy		-	3,264,696
Accrued salaries		123,471	237,009
Withholding tax payable		294,359	942,821
Audit fee payable		210,000	175,000
		<u>36,791,332</u>	<u>25,141,045</u>

6.1 This represents amount payable with regard to salaries of the project staff

7 Contingencies and commitments

There are no known contingencies and commitments as on June 30, 2017 (2016: Nil)

Ghazali Education Trust

Notes to the Financial Statements

For the year ended June 30, 2017

8.1 Property and equipment

Particulars	Freehold land	Building on freehold land	Office equipment	Electric equipment	Furniture and fixture	Vehicles	Books	Total (Rupees)
Cost								
Balance at July 01, 2015	15,202,362	69,929,687	4,642,450	10,375,350	54,879,111	8,508,798	284,911	163,822,669
Additions	1,293,940	3,125,870	881,433	2,588,863	14,443,910	974,155	8,000	23,316,171
Disposal	-	-	(1,446,950)	(710,870)	(6,059,616)	(44,900)	(41,100)	(8,303,436)
Balance at June 30, 2016	16,496,302	73,055,557	4,076,933	12,253,343	63,263,405	9,438,053	251,811	178,835,404
Balance at July 01, 2016	16,496,302	73,055,557	4,076,933	12,253,343	63,263,405	9,438,053	251,811	178,835,404
Additions	-	7,000,808	264,651	2,654,930	13,618,745	4,641,952	-	28,181,086
Disposal	-	-	-	-	-	(2,370,286)	-	(2,370,286)
Balance at June 30, 2017	16,496,302	80,056,365	4,341,584	14,908,273	76,882,150	11,709,719	251,811	204,646,204
Depreciation								
Balance at July 01, 2015	-	32,672,289	1,800,834	3,298,157	18,770,258	2,555,143	113,210	59,209,891
For the year	-	3,874,985	307,652	763,716	4,248,233	1,247,473	17,503	10,459,561
Disposal	-	-	(1,446,950)	(710,870)	(6,059,616)	(33,213)	(41,100)	(8,291,749)
Balance at June 30, 2016	-	36,547,274	661,536	3,351,003	16,958,875	3,769,403	89,613	61,377,703
Balance at July 01, 2016	-	36,547,274	661,536	3,351,003	16,958,875	3,769,403	89,613	61,377,703
For the year	-	3,894,866	355,500	967,833	5,192,347	1,544,241	16,220	11,971,007
Disposal	-	-	-	-	-	(1,089,276)	-	(1,089,276)
Balance at June 30, 2017	-	40,442,140	1,017,036	4,318,836	22,151,222	4,224,368	105,833	72,259,434
Carrying value 2017	16,496,302	39,614,225	3,324,548	10,589,437	54,730,928	7,485,351	145,978	132,386,770
Carrying value 2016	16,496,302	36,508,283	3,415,397	8,902,340	46,304,530	5,668,650	162,198	117,457,701
Rate of depreciation		10%	10%	10%	10%	20%	10%	

Ghazali Education Trust
Notes to the Financial Statements
For the year ended June 30, 2017

12 Advances, prepayments and other receivables		<i>Note</i>	2017	2016
			Rupees	Rupees
Advances to staff against expenses	12.1		12,281,365	21,140,925
Advances to staff against salary			4,224,268	3,818,971
Advances for building construction			-	3,350
Advances to suppliers			148,366	1,569,511
Prepaid Expenses			11,816,515	9,606,925
Royalty Receivable			532,347	932,347
Donations Receivable	12.2		6,389,570	1,388,068
Advances to trustees			-	10,205
Receivable from related parties	12.3		1,471,825	1,634,752
Other receivables			2,000,385	1,300,560
			<u>38,864,641</u>	<u>41,405,614</u>
12.1	These includes advances given to school staff to meet school running expenses.			
12.2	This represents donations receivable from foreign welfare organizations.			
12.3	Receivable from related parties			
		Receivable from Ghazali Premier College	1,471,825	1,469,140
		Receivable from Ghazali Education Trust-UK	-	165,612
			<u>1,471,825</u>	<u>1,634,752</u>
13 Cash and bank balances		<i>Note</i>	2017	2016
			Rupees	Rupees
Cash at banks:				
	- Current accounts: - <i>foreign currency</i>	12.1	9,023,573	9,242,315
	- Saving accounts: - <i>local currency</i>	12.2	62,495,663	43,545,229
			<u>71,519,237</u>	<u>52,787,544</u>
12.1	This includes USD 8,125.03 (2016: USD 8,100.39) placed in US Dollar accounts and GBP 59,918.81 (2016: GBP 59,918.81) placed in Pound sterling account.			
12.2	The rate of profit on bank deposits ranges from 1.05% to 4.00% (2016: 1.50% to 4..50%) per annum.			
14 Donations		<i>Note</i>	2017	2016
			Rupees	Rupees
Direct donations	14.1		21,863,001	18,250,703
Restricted donations	14.2		292,787,857	219,731,528
			<u>314,650,858</u>	<u>237,982,231</u>
14.1	Direct donations			
		General donation	9,711,265	1,522,784
		Donation for minority schools	4,917,569	-
		Donation for schools adoption	7,234,167	16,727,919
			<u>21,863,001</u>	<u>18,250,703</u>

Ghazali Education Trust
Notes to the Financial Statements
For the year ended June 30, 2017

		2017	2016
		Rupees	Rupees
14.2	Restricted donations		
	Land and building	1,621,729	1,886,099
	Student aid program	50,268,272	39,122,649
	Rural inclusive education	9,317,674	6,803,546
	Education voucher scheme (EVS)	74,224,324	69,726,789
	Out of schools children (OSC)	94,858,124	79,428,840
	New school project (NSP)	16,276,248	13,111,105
	Public school support program (PSSP)	46,221,486	9,652,500
		<u>292,787,857</u>	<u>219,731,528</u>
15	Income from schools		
		<i>Note</i>	
		2017	2016
		Rupees	Rupees
	Tuition Fee	342,153,388	298,242,205
	Admission Fee	809,840	494,502
	Income from school affiliation	5,355,506	4,601,713
		<u>348,318,734</u>	<u>303,338,420</u>
15.1	This amount has been received from the students as a part of fee.		
16	Other income		
		2017	2016
		Rupees	Rupees
	Profit on bank deposits	436,243	535,343
	Gain on disposal of property and equipment	654,992	2,687
	Profit on investments	-	1,080,000
	Profit on sale of books	-	4,759,821
	Other	718,088	727,208
		<u>1,809,323</u>	<u>7,105,059</u>
17	Direct expenses		
		2017	2016
		Rupees	Rupees
	Unrestricted	386,349,149	344,800,517
	Restricted	225,938,122	141,052,531
		<u>612,287,271</u>	<u>485,853,048</u>
17.1	Unrestricted		
	Staff salaries and benefits	198,323,320	180,236,377
	Student welfare expenses	104,494,940	91,264,729
	Rent, rate and taxes	31,528,989	26,586,190
	Functions and promotional campaigns	19,039,289	15,202,785
	Utility charges	3,300,758	3,101,361
	Printing and stationery	4,930,845	3,455,370
	Repairs and maintenance	2,507,884	1,852,351
	School establishment	6,109,776	6,656,720
	Traveling and conveyance	4,161,077	4,565,840
	Postage and telecommunications	152,893	82,437
	Entertainment expenses	741,821	427,731
	Examinations	2,139,281	713,192
	Miscellaneous expenses	1,234,186	3,198,944
	Depreciation	7,684,090	7,456,490
		<u>386,349,149</u>	<u>344,800,517</u>

Ghazali Education Trust
Notes to the Financial Statements
For the year ended June 30, 2017

17.2 Restricted

Project	Student welfare expenses	Salaries and other charges	2017 Total	2016 Total
			----- Rupees -----	
Student aid program	28,042,099	1,891,031	29,933,130	22,576,130
Rural inclusive education	647,789	5,497,898	6,145,687	2,271,894
Education voucher scheme (EVS)	56,838,612	3,519,870	60,358,482	30,304,101
Out of schools children (OSC)	1,984,000	72,859,346	74,843,346	58,657,184
New school project (NSP)	-	15,011,268	15,011,268	12,510,164
Public school support program	414,530	39,231,679	39,646,209	14,733,058
	<u>87,927,030</u>	<u>138,011,092</u>	<u>225,938,122</u>	<u>141,052,531</u>

18 Administrative and general expenses	Note	2017 Rupees	2016 Rupees
Staff salaries and benefits		21,654,787	18,773,167
Printing and stationery		1,859,000	1,414,915
Rent, rate and taxes		1,462,468	1,498,185
Utility charges		1,085,331	744,927
Postage and telecommunication		643,434	505,017
Travelling and conveyance		1,614,023	3,390,205
Advertisement		172,265	365,500
Repairs and maintenance		1,221,502	1,491,994
Entertainment expenses		984,640	1,106,733
Web hosting and development charges		545,324	145,180
Legal and professional expenses		590,968	272,596
Audit fee		210,000	175,000
Bank charges		452,040	353,473
Miscellaneous expenses		9,350	144,334
Amortization	9	201,199	183,791
Depreciation	8.2	1,921,022	1,864,122
		<u>34,627,354</u>	<u>32,429,139</u>

19 Taxation

Income of trust is exempt from tax under section 100C of the Income Tax Ordinance, 2001. Consequently no provision for taxation is made in the financial statements.

20 Transactions with related parties

2017 Rupees 2016 Rupees

The related parties comprise of related international societies, trustees and key employees. Details of transactions with related parties, other than those which have been specially disclosed elsewhere in these financial statements are as follows:

Transactions made during the period

Advances paid	2,102,685	-
Advances returned	2,100,000	-

21 Average number of employees

2017 2016

Average number of employees	<u>2,910</u>	<u>2,873</u>
Total number of employees	<u>2,956</u>	<u>2,898</u>

Sukh Chayn Gardens (Private) Limited

Notes to the Financial Statements

For the year ended June 30, 2017

22 Financial instruments and related disclosures

The Trust's activities expose it to following financial risks.

- 22.1 Credit Risk
- 22.2 Liquidity Risk
- 22.3 Market Risk

The management has overall responsibility for the establishment and oversight of the Trust's risk management framework. The management is also responsible for developing and monitoring the Trust's risk management policies. The Trust manages its exposures to financial risks in the following manner:

22.1 Credit risk

Credit risk represents risk of financial loss being caused if counter parties fails to perform their obligations. The Trust's credit risk is primarily attributable to its bank balances (i.e. Saving accounts). The maximum exposure to credit risk is equal to a carrying amount of financial assets. The Trust is not materially exposed to credit risk as the credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating. The Trust, therefore, considers its credit risk concentration as minimal.

22.2 Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Trust is not materially exposed to liquidity risk as substantially all obligations / commitments of the Trust are short term in nature and are restricted to the extent of available liquidity. Significant balances of financial assets and liabilities shall mature within twelve months as evident from the information presented above.

22.3 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Trust's income or the value of its holdings of financial instruments.

22.4 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

2017						
Interest bearing instruments			Non interest bearing instruments			Grand total
Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
-----Rupees-----						
Financial assets						
Long term investments	-	-	-	-	-	-
Long term deposits	-	-	-	965,500	965,500	965,500
Advances, prepayments and other receivables	-	-	10,394,127	-	10,394,127	10,394,127
Cash and bank balances	-	-	-	-	-	-
	-	-	10,394,127	965,500	11,359,627	11,359,627
Financial liabilities						
Creditors, accrued and liabilities	-	-	22,850,638	-	22,850,638	22,850,638
	-	-	22,850,638	-	22,850,638	22,850,638

2016						
Interest bearing instruments			Non interest bearing instruments			Grand total
Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
-----Rupees-----						
Financial assets						
Long term investments	4,000,000	-	4,000,000	-	-	4,000,000
Long term deposits	-	-	-	955,500	955,500	955,500
Advances, prepayments and other receivables	-	-	5,265,932	-	5,265,932	5,265,932
Cash and bank balances	43,545,229	-	43,545,229	9,242,315	9,242,315	52,787,544
	47,545,229	-	47,545,229	14,508,247	15,463,747	63,008,976
Financial liabilities						
Creditors, accrued and liabilities	-	-	13,178,641	-	13,178,641	13,178,641
	-	-	13,178,641	-	13,178,641	13,178,641

Ghazali Education Trust
Notes to the Financial Statements
For the year ended June 30, 2017

23 General

- 23.1 Figures have been rounded off the nearest rupee.
23.2 Certain prior year's figures have been reclassified, consequent upon certain changes in current year's presentation for more appropriate comparison and better presentation. Following significant reclassifications have been made during the year:

From	To	Amount (Rs)
<u>Administrative and general expenses</u>		
Staff welfare expenses	Staff salaries & benefits	2,231,476
Office supplies	Printing and stationery	405,409
Foreign travelling	Travelling & conveyance	2,400,061
Fuel	Travelling & conveyance	116,080
Freight & carriage	Travelling & conveyance	44,170
Vehicle running & maintenance	Repairs & maintenance	757,769
Other charges	Miscellaneous expenses	54,033
Legal and professional expenses	Audit fee	175,000
<u>Cost of revenue</u>		
Cost of revenue	Direct expenses-unrestricted	344,800,517
<u>Direct expenses-unrestricted</u>		
Fee and subscription	Rent, rate & taxes	1,031,473
Workshop and seminars	Functions & promotional campaigns	6,342,290
News papers and periodicals	Printing and stationery	53,541
Vehicle running and maintenance	Repairs and maintenance	9,661
Freight and carriage	Traveling and conveyance	1,034,147
Hoteling charges	Traveling and conveyance	438,718
<u>Other fund</u>		
Additions	Donations	219,731,528
For student fee	Direct expenses-restricted	42,360,531
Deferred grant	Direct expenses-restricted	11,728,569
For books & uniforms	Direct expenses-restricted	11,985,034
Salaries & other charges	Direct expenses-restricted	74,978,397
<u>Advances, prepayments and other receivables</u>		
Donations Receivable	Receivable from related parties	1,634,752
Advance tax	Other receivables	130,672
<u>Other Income</u>		
Other income /(expense)	Exchange loss	1,207,077
Other	Gain on disposal of property and equipment	2,687
<u>Other Income</u>		
Fans	Electric equipment	4,144,606

Date : 05 JAN 2018
Place :Lahore


Chairman


President