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KPMG Taseer Hadi & Co.

Zindagi Trust

Financial Statements

For the year ended 30 June 2018

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KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
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Independent Auditors' Report to the Trustees of Zindagi Trust

Opinion

We have audited the financial statements of Zindagi Trust ("the Trust") which comprise the balance sheet as at 30 June 2018, the income and expenditure account, the statement of comprehensive income, the statement of cash flows and the statement of changes in the fund 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 the Trust as at 30 June 2018, 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.

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 Auditors' 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 Ethics for Professional Accountants 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.

Other Information

The financial statements of the Trust for the year ended 30 June 2017 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon dated 17 November 2017.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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In preparing the financial statements, management 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's financial reporting process.

Auditors' 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 auditors' 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 events or conditions that may cast significant doubt

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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 auditors' 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 auditors' 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 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.

KPMG Taseer Hadi & Co.

Date: 23 November 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Malik

Zindagi Trust

Balance sheet

As at 30 June 2018

	Note	2018	2017
		(Rupees)	
ASSETS			
Non-current assets			
Property and equipment	4	**2,191,836**	2,497,895
Intangible assets	4	**1**	1
Investment property	5	**933,869**	1,118,263
Investments	6	**70,500,000**	80,500,000
		73,625,706	84,116,159
Current assets			
Security deposits	7	**517,150**	517,150
Loans, advances, prepayments and other receivables	8	**464,009**	851,271
Accrued interest income		**3,515,423**	2,128,143
Taxation receivable		**3,305,908**	3,305,905
Current maturity of Investments	6	**25,500,000**	15,500,000
Cash and bank balances	9	**30,432,993**	10,354,968
		63,735,483	32,657,437
Total assets		**137,361,189**	116,773,596
FUNDS			
Accumulated surplus	10	**11,668,539**	3,450,429
Endowment fund	11	**118,019,873**	110,374,001
		129,688,412	113,824,430
LIABILITIES			
Current liabilities			
Security deposits	12	**2,326,636**	1,280,607
Accrued expenses and other liabilities	13	**5,346,141**	1,668,559
		7,672,777	2,949,166
Total funds and liabilities		**137,361,189**	116,773,596
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 25 form an integral part of these financial statements.

Trustee

Nazim F. Haji

Trustee

Zindagi Trust

Income and Expenditure Account

For the year ended 30 June 2018

	Note	2018	2017
		(Rupees)	
Income			
Donations	15	**52,097,650**	32,852,925
Zakat receipts	16	**16,411,344**	7,200,500
Income on investments		**6,020,114**	6,865,588
Rental income	17	**1,748,640**	1,553,743
Profit on bank deposits		**977,267**	1,046,958
Others		**58,153**	40,304
Total income		**77,313,168**	49,560,018
Expenditure			
Head office expenditure	18	**7,495,863**	7,136,446
Direct educational expenditure	19	**53,949,878**	40,320,816
Total expenditure		**61,445,741**	47,457,262
Other (expenses) / income			
(Loss) / gain on disposal of property and equipment	4.1.4	**(3,445)**	9,391
Surplus for the year before taxation		**15,863,982**	2,112,147
Taxation	20	-	-
Surplus for the year		**15,863,982**	2,112,147

The annexed notes 1 to 25 form an integral part of these financial statements.

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Trustee

Trustee

Zindagi Trust

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018	2017
		(Rupees)	
Surplus for the year		**15,863,982**	2,112,147
Other comprehensive income		-	-
Total comprehensive income for the year		**15,863,982**	2,112,147

The annexed notes 1 to 25 form an integral part of these financial statements.

Trustee

Nazim F. Haji

Trustee

Zindagi Trust

Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018	2017
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		**15,863,982**	2,112,147
Adjustment for:			
Depreciation	4.1.3 & 5	**990,363**	875,541
Property and equipments written off		**-**	173,524
Loss / (gain) on disposal of property and equipment	4.1.4	**3,445**	(9,391)
		993,808	1,039,674
Surplus before working capital changes		**16,857,790**	3,151,821
WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Loans, advances, prepayments and other receivables		**387,262**	(226,614)
Accrued interest income		**(1,387,280)**	-
Taxation receivables		**(3)**	(565,643)
Security deposits		**-**	(500)
Increase in current liabilities			
Accrued expenses and other liabilities		**3,677,582**	1,076,038
Security deposits		**1,046,029**	422,952
Net cash generated from operating activities		**20,581,380**	3,858,054
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4.1	**(547,967)**	(933,129)
Proceeds from disposal of property and equipment	4.1.4	**44,612**	9,391
Net cash (used in) investing activities		**(503,355)**	(923,738)
Net increase in cash and cash equivalents during the year		**20,078,025**	2,934,316
Cash and cash equivalent at beginning of the year		**10,354,968**	7,420,652
Cash and cash equivalent at end of the year	9	**30,432,993**	10,354,968

The annexed notes 1 to 25 form an integral part of these financial statements.

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Zindagi Trust

Statement of Changes in the Funds

For the year ended 30 June 2018

	Note	Accumulated surplus	Endowment fund	Total
		-----------------------------	(Rupees)	-----------------------------
Balance as at 1 July 2016		7,097,760	104,614,523	111,712,283
Total comprehensive income for the year				
Surplus for the year		2,112,147	-	2,112,147
Other comprehensive income		-	-	-
Transfer to endowment fund	*11.1*	(5,759,478)	5,759,478	-
		(3,647,331)	5,759,478	2,112,147
Balance as at 30 June 2017		3,450,429	110,374,001	113,824,430
Total comprehensive income for the year				
Surplus for the year		15,863,982	-	15,863,982
Other comprehensive income		-	-	-
Transfer to endowment fund	*11.1*	(7,645,872)	7,645,872	-
		8,218,110	7,645,872	15,863,982
Balance as at 30 June 2018		**11,668,539**	**118,019,873**	**129,688,412**

The annexed notes 1 to 25 form an integral part of these financial statements.

Trustee

Trustee

Zindagi Trust
Notes to the Financial Statements
For the year ended 30 June 2018

1. LEGAL STATUS AND OPERATIONS

1.1 Zindagi Trust ("the Trust") is a charitable trust formed under a Trust Deed dated April 12, 2002 with an objective to provide educational, medical and other social assistance to all persons, in general, and to children in particular, regardless of religion, race, color, caste, or sect, on humanitarian grounds with the aim to help and assist persons who have no source of income to avail medical and other social assistance, and to acquire, establish, maintain, and manage medical dispensaries, clinics, hospitals and health care centres, nurseries, rehabilitation centres, training centres, playgrounds, schools and institutions. The Panel of Pakistan Centre for Philanthropy (PCP) certified the Trust on 12 August 2016.

The registered office of the Trust is situated at 94-C, Haji Abdul Razak Janoo Street, Faran Housing Society, Karachi.

1.2 The financial statements of Zindagi Trust USA Inc. and Zindagi Trust UK have not been consolidated in these financial statements as they are separate entities incorporated in respective countries, not controlled by Zindagi Trust Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRS) as notified by Securities and Exchange Commission of Pakistan.

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 Pakistani Rupees, which is also the functional currency of the Trust and has been rounded off to the nearest Rupee.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

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In the process of applying the Trust's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

- Property and equipment (note 3.1 and 4.1)
- Intangible assets (note 3.2 and 4.2)
- Investment property (note 3.3 and 5)
- Taxation (note 3.12 and 20)
- Contingencies and Commitments (note 14)

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Trust's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property'- effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Trust's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure Investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Trust's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Trust's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax

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treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Trust's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of interpretation is not likely to have an impact on Trust's financial statements.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Trust is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Trust is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Trust's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Trust now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Trust's financial statements

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a Trust increases its interest in a joint operation that meets the definition of a business. A Trust remeasures its previously held interest in a joint operation when it obtains control of the business. A Trust does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a Trust treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Trust's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2017. The significant accounting policies applied in the preparation of these financial statements are set out below:

3.1 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Subsequent expenditure

Subsequent expenditure incurred is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost can be measure reliably. The costs relating to day-to-day servicing of property and equipment are recognised in income and expenditure account as incurred.

Depreciation

Depreciation is charged to income and expenditure account on a straight line method at the rates specified in note 4.1 to these financial statements. Depreciation on additions to property and equipment is charged from the date on which an asset is available for use upto the date prior to the date of disposal.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal

Any gain or loss on disposal of an item of property and equipment is recognized in income and expenditure account.

3.2 Intangible assets

Recognition and measurement

Intangible assets with finite useful lives, such as software that are acquired by the Trust are measured at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets using straight line method at the rates specified in note 4.2 to these financial statements and is recognized in income and expenditure account. Amortization on additions is charged from the date on which the intangible asset is available for use upto the date prior to the date of disposal.

Amortization methods and useful lives are reviewed at each reporting date and are adjusted, if appropriate.

3.3 Investment property

Investment property is property held either to earn rental income and / or for capital appreciation, but not for use in services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income and expenditure account on a straight line method at the rates specified in note 5 to these financial statements. Depreciation on additions is charged from the date on which an asset is available for use upto the date prior to the date of disposal.

3.4 Financial instruments

The management of the Trust classifies its financial assets in the following categories: (a) held to maturity and (b) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial asset at the time of initial recognition and re-evaluates this classification on a regular basis.

a) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturities that the Trust's management has the positive intent and ability to hold to maturity.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Trust classifies its financial liabilities into the 'other financial liabilities' category.

3.4.1 Financial assets and financial liabilities - Recognition and derecognition

The Trust initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.4.2 Financial assets - Measurement

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

3.4.3 Financial liabilities - Measurement

All financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

3.4.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when, and only when the Trust has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

3.5 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is an objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor and indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables not found to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income and expenditure account and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income and expenditure account.

Non - Financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment, if any. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit, or CGU").

The Trust's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in income and expenditure account.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6 Accrued expenses and other liabilities

These are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.7 Loans, advances, prepayments and other receivables

Loans, advances, prepayments and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is charged to income and expenditure account. Trade receivable and other receivables considered irrecoverable are written off.

3.8 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and deposits held with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.9 Income recognition

- Income from fund raising activities and rental income are recognized on accrual basis.
- Donations and zakat are recognized when the entitlement of the Trust is established, i.e. when the amount is received.
- Interest income on deposit accounts is recognized on time apportioned basis using effective interest method.

3.10 Grants

Grants are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Trust will comply with the conditions associated with the grants, they are then recognized in income and expenditure account on a systematic basis over the useful life of the assets.

Grants that compensate the Trust for expenses incurred are recognized in income and expenditure account on a systematic basis in the periods in which the expenses are recognized.

3.11 Provision

A provision is recognized in the statement of financial position when the Trust has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

3.12 Taxation

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

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 which arises from assessments / developments made during the year, if any.

Deferred

Deferred tax is recognized using balance sheet liability 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 Trust 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 assets 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.

The provision for current and deferred tax has not been recognized on the basis disclosed in note 20 to these financial statements.

4.	**PROPERTY AND EQUIPMENT**	*Note*	**2018**	2017
			(Rupees)	
	Property and equipment	*4.1*	**2,191,836**	2,497,895
	Intangible assets	*4.2*	**1**	1
			2,191,837	2,497,896

4.1 Property and equipment

2018

	Cost				**Rate**	**Accumulated depreciation**				**Written down**
	As at 01 July 2017	**Additions**	**(Disposals) / (write offs)**	**As at 30 June 2018**	**%**	**As at 01 July 2017**	**For the year**	**(On disposals) / (write offs)**	**As at 30 June 2018**	**value as at 30 June 2018**
	(Rupees)					**(Rupees)**				**(Rupees)**
Furniture, office equipment and other assets	**9,306,343**	**547,967**	**(2,693,180)**	**7,161,130**	**20%**	**6,808,448**	**805,969**	**(2,645,123)**	**4,969,294**	**2,191,836**
Vehicles	**1,187,200**	**-**	**(1,187,200)**	**-**	**20%**	**1,187,200**	**-**	**(1,187,200)**	**-**	**-**
Medical equipment	**38,908**	**-**	**(38,908)**	**-**	**20%**	**38,908**	**-**	**(38,908)**	**-**	**-**
	10,532,451	**547,967**	**(3,919,288)**	**7,161,130**		**8,034,556**	**805,969**	**(3,871,231)**	**4,969,294**	**2,191,836**

2017

	Cost				Rate	Accumulated depreciation				Written down
	As at 01 July 2016	Additions	(Disposals) / (write off)	As at 30 June 2017	%	As at 01 July 2016	For the year	(On disposals) / (write off)	As at 30 June 2017	value as at 30 June 2017
	(Rupees)					(Rupees)				(Rupees)
Furniture, office equipment and other assets	8,393,234	933,129	(20,020)	9,306,343	20%	6,137,321	691,147	(20,020)	6,808,448	2,497,895
Vehicles	1,187,200	-	-	1,187,200	20%	1,187,200	-	-	1,187,200	-
Buildings	350,000	-	(350,000)	-	5%	176,476	-	(176,476)	-	-
Medical equipment	38,908	-	-	38,908	20%	38,908	-	-	38,908	-
	9,969,342	933,129	(370,020)	10,532,451		7,539,905	691,147	(196,496)	8,034,556	2,497,895

4.1.1 The cost of fully depreciated assets as at 30 June 2018 is Rs. 2.938 million (2017: Rs. 6.877 million).

	Note	**2018**	2017
		(Rupees)	
Furniture, office equipment and other assets		**2,938,249**	5,651,110
Vehicles		**-**	1,187,200
Medical equipment		**-**	38,908
		2,938,249	6,877,218

4.1.2 The cost of assets written off during the year ended 30 June 2018 is Rs. 3.594 million (2017: Rs. 0.350 million).

Furniture, office equipment and other assets	**2,368,205**	-
Vehicles	**1,187,200**	-
Medical equipment	**38,908**	-
Buildings	**-**	350,000
	3,594,313	350,000

4.1.3 Depreciation allocation

Head office expenditure	**47,256**	30,387
Direct educational expenditure - SMB Fatima Jinnah School	**231,926**	231,801
Direct educational expenditure - KPS School	**526,787**	428,959
	805,969	691,147

4.1.4 The details of property and equipment disposed off during the year are as follows:

Particulars	**Cost**	**Accumulated depreciation**	**WDV**	**Sale proceeds**	**(Loss) on disposal**	**Mode of disposal**	**Particulars of buyers**
	(Rupees)						
Furniture, office equipment and other assets	324,975	276,918	48,057	44,612	(3,445)	Negotiation	Madina Traders

Hmgw

4.2 Intangible assets

	2018									
	Cost				Rate	Accumulated amortization				Written down value as at 30 June 2018
	As at 01 July 2017	Additions	(Disposals)	As at 30 June 2018	%	As at 01 July 2017	For the year	(On disposals)	As at 30 June 2018	
	(Rupees)					(Rupees)				(Rupees)
Computer software	**80,000**	**-**	**-**	**80,000**	**33.33%**	**79,999**	**-**	**-**	**79,999**	**1**

	2017									
	Cost				Rate	Accumulated amortization				Written down value as at 30 June 2017
	As at 01 July 2016	Additions	(Disposals)	As at 30 June 2017	%	As at 01 July 2016	For the year	(On disposals)	As at 30 June 2017	
	(Rupees)					(Rupees)				(Rupees)
Computer software	80,000	-	-	80,000	33.33%	79,999	-	-	79,999	1

5. INVESTMENT PROPERTY

	2018									
	Cost				Rate	Accumulated amortization				Written down value as at 30 June 2018
	As at 01 July 2017	Addition	(Disposals)	As at 30 June 2018	%	As at 01 July 2017	For the year	(On disposals)	As at 30 June 2018	
	(Rupees)					(Rupees)				(Rupees)
Building	**3,687,875**	**-**	**-**	**3,687,875**	**5%**	**2,569,612**	**184,394**	**-**	**2,754,006**	**933,869**

	2017									
	Cost				Rate	Accumulated amortization				Written down value as at 30 June 2017
	As at 01 July 2016	Addition	(Disposals)	As at 30 June 2017	%	As at 01 July 2016	For the year	(On disposals)	As at 30 June 2017	
	(Rupees)					(Rupees)				(Rupees)
Building	3,687,875	-	-	3,687,875	5%	2,385,218	184,394	-	2,569,612	1,118,263

5.1 The fair value of the investment property is Rs. 19.402 million as at 30 June 2018 (2017: Rs.19.400 million).

5.2 This represents Office No. 201, Second Floor, "ANUM EMPIRE" building measuring 2425.25 square feet, constructed on Plot No. ZCC-1, Block No. 7/8, K.C.H.S., Union Limited, karachi. Currently, the property has been rented out to Highnoon Laboratories.

6. INVESTMENTS	*Note*	**2018**	2017
		(Rupees)	
National Savings Certificates		**96,000,000**	96,000,000
Current maturity of National Savings Certificates		**(25,500,000)**	(15,500,000)
		70,500,000	80,500,000

6.1 These carry rates of return ranging from 5.80% to 13.4% (2017: 5.80% to 13.4%) per annum with maturity ranging between 25 August 2017 to 24 May 2021 (2017: 25 August 2017 to 22 February 2020).

7. SECURITY DEPOSITS	*Note*	**2018**	2017
		(Rupees)	
Head office building		**450,000**	450,000
Lahore regional office		**40,000**	40,000
Rawalpindi regional office		**20,000**	20,000
Others	*7.1*	**7,150**	7,150
	7.2	**517,150**	517,150

7.1 This represents deposits given to suppliers for telecommunication services.

7.2 These are receivable on demand and therefore have been classified to current assets. The corresponding figures have also been reclassified for the purpose of better presentation.

8. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	*Note*	**2018**	2017
		(Rupees)	
Prepaid expenses		**142,141**	125,966
Loans and advances to employees	*8.1 & 8.2*	**131,399**	117,787
Others		**190,469**	607,518
		464,009	851,271

Hamza

8.1 Reconciliation of carrying amount of loans and advances to executives and other employees is as follows:

	2018		2017	
	Executives	**Other Employees**	Executives	Other Employees
	(Rupees)			
Opening balance	-	**117,787**	-	42,900
Disbursement during the year	**341,000**	**517,209**	170,000	668,418
Receipts during the year	**(323,500)**	**(521,097)**	(170,000)	(593,531)
Closing balance	**17,500**	**113,899**	-	117,787

8.2 This includes interest free loans provided to executives and other employees for the purpose of car leasing, marriage expenses, medical treatment etc. which are repayable within 12 months in equal instalments.

9. CASH AND BANK BALANCES

	Note	**2018**	2017
		(Rupees)	
Balances with banks			
Current accounts		**1,881,294**	28,348
Deposit accounts	*9.1*	**28,493,029**	10,310,108
		30,374,323	10,338,456
Cash in hand		**58,670**	16,512
		30,432,993	10,354,968

9.1 Deposit accounts carry a rate of return of 5.50% (2017: 5.50% to 5.85%) per annum.

10 ACCUMULATED SURPLUS

	Note	**2018**	2017
		(Rupees)	
Opening balance		**3,450,429**	7,097,760
Surplus for the year		**15,863,982**	2,112,147
Transferred to endowment fund	*11.1*	**(7,645,872)**	(5,759,478)
		11,668,539	3,450,429

11 ENDOWMENT FUND

	Note	**2018**	2017
Opening balance		**110,374,001**	104,614,523
Transferred from accumulated surplus	*11.1*	**7,645,872**	5,759,478
		118,019,873	110,374,001

11.1 The Trust allocates a certain amount to the endowment fund every year. Allocation to this fund is based on pre-determined percentages, as approved by the Trustees, applied to different sources of income derived by the Trust.

12 SECURITY DEPOSITS

This represents retention money and profit thereon for staff of SMB Fatima Jinnah School and KPS School amounting to Rs. 1.520 million (2017: Rs. 0.849 million) and Rs. 0.807 million (2017: Rs. 0.431 million) respectively.

This amount is deducted at 10% of gross salaries for ten months so as to retain one gross salary of every employee of SMB Fatima Jinnah School and KPS School. The said amount is deposited in the bank and earns profit thereon. The gross amount and the profit earned is refunded to employee in his / her retirement / resignation. If the employee leaves without prior information to the management then the said amount is withheld by the Trust and is recorded in other income.

The reconciliation of the said amount is given below:

	Note	**SMB Fatima Jinnah**		**KPS School**		**Total**	
		2018	2017	**2018**	2017	**2018**	2017
		(Rupees)					
Opening balance		**849,131**	658,746	**431,477**	198,909	**1,280,608**	857,655
Deductions made during the year		**903,787**	315,071	**488,851**	247,754	**1,392,638**	562,825
Refunded during the year		**(193,180)**	(94,163)	**(107,363)**	(11,138)	**(300,543)**	(105,301)
Written off during the year		**(39,157)**	(30,524)	**(6,910)**	(4,048)	**(46,067)**	(34,572)
Closing balance	*12.1*	**1,520,581**	849,130	**806,055**	431,477	**2,326,636**	1,280,607

12.1 These are payable on demand and therefore have been classified to current liabilities. The corresponding figures have also been reclassified for the purpose of better presentation.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

	2018	2017
	(Rupees)	
Accrued expenses	**4,265,129**	606,059
Security deposit	**750,000**	750,000
Unearned rental income	**206,250**	312,500
Creditors	**124,762**	-
	5,346,141	1,668,559

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2018 and 30 June 2017.

15. DONATIONS

	Note	2018	2017
		(Rupees)	
Donations from:			
Overseas donors	15.1	**13,517,800**	11,560,642
Local donors	15.2	**38,579,850**	21,292,283
		52,097,650	32,852,925

15.1 Overseas donors

	Note	2018	2017
Zindagi Trust USA Inc.		**4,585,780**	7,567,472
Zindagi Trust UK		**4,194,000**	-
International Development and Relief Foundation (IDRF) of Canada	15.1.1	**3,786,610**	2,001,230
Global Giving Foundation		**951,410**	1,991,940
		13,517,800	11,560,642

15.1.1 A project agreement was entered between International Development and Relief Foundation (IDRF) and the Trust for the period of 30 August 2017 to 30 August 2018, supporting learning innovations at Khatoon-e-Pakistan (KPS) Girls Campus. Through this agreement, IDRF Canada will disburse the funds on receipt of reports related to progress of the said project. Agreement includes a detailed Payment and Reporting Schedule. Following payments were received during the year ended 30 June 2018:

Prerequisite	**Date of receipt**	**Amount (CAN $)**	**Conversion Rate**	**Amount (Rupees)**
Signature of Project Agreement	8-Aug-17	13,000	83.02	**1,079,260**
Submission and Acceptance of Interim Progress Report	19-Jan-18	15,000	88.92	**1,333,800**
Submission and Acceptance of Semi-annual Report	11-Apr-18	15,000	91.57	**1,373,550**
				3,786,610

15.2 Local donors

	Note	2018	2017
		(Rupees)	
Lucky Cement Limited		**25,685,881**	13,793,456
Gray Mackenzie Restaurants International Limited (KFC)		**5,000,000**	-
Pakistan Rangers Sindh		**2,649,045**	-
Bestway Foundation		**2,000,000**	-
Pakistan State Oil Company Limited		**-**	2,200,000
Others	15.2.1	**3,244,924**	5,298,827
		38,579,850	21,292,283

15.2.1 This represents donations received from corporate entities and individual donors.

16. ZAKAT RECEIPTS

	Note	2018	2017
Zakat from.			
Overseas	16.1	**12,555,345**	5,092,095
Local		**3,855,999**	2,108,405
		16,411,344	7,200,500

16.1 This represents zakat received from Zindagi Trust USA Inc.

KPMGTH

17. RENTAL INCOME

	Note	2018	2017
		(Rupees)	
Income from investment property	17.1	**1,556,250**	1,372,243
Income from SMB canteen		**192,390**	181,500
		1,748,640	1,553,743

17.1 Investment property was rented out to Highnoon Laboratories on 16 March 2017 at a monthly rent of Rs. 125,000 under a tenancy agreement of 11 months. The said agreement was renewed on its expiry with a 10% increase in the monthly rent i.e Rs. 137,500.

18. HEAD OFFICE EXPENDITURE

	Note	2018	2017
		(Rupees)	
Salaries and wages		**4,409,885**	3,791,304
Rent and taxes		**1,669,247**	1,564,694
Travelling and conveyance		**517,220**	498,035
Depreciation	4.1.3 & 5	**231,650**	214,781
Communication		**154,050**	342,064
Auditors' remuneration		**105,076**	86,282
Utilities		**66,151**	146,745
Plantation expenses		**52,600**	-
Repairs and maintenance		**37,560**	57,200
Insurance		**31,429**	31,626
Entertainment expenses		**19,636**	7,997
Stores and materials		**19,060**	-
Printing and stationery		**18,979**	19,739
Fee and subscription expenses		**6,000**	-
Bank charges		**1,639**	7,113
Property and equipment written off		-	173,524
Others		**155,681**	195,342
		7,495,863	7,136,446

19. DIRECT EDUCATIONAL EXPENDITURE

	Note	2018	2017
SMB Fatima Jinnah School		**27,193,530**	18,231,209
KPS School		**16,212,546**	11,840,153
Karachi Region	19.1	**52,200**	131,550
Lahore Region	19.2	**6,218,207**	6,055,329
Rawalpindi Region	19.3	**4,273,395**	4,062,575
		53,949,878	40,320,816

19.1 This represents amount pertaing to student fee expenses paid by the Trust.

19.1.1 Related to schools

	Note	SMB Fatima Jinnah School		KPS School	
		2018	2017	**2018**	2017
		(Rupees)			
Salaries and wages		**17,621,508**	11,171,069	**11,244,687**	6,950,736
Repairs and maintenance		**1,600,167**	1,906,391	**1,318,956**	1,399,878
Stores and materials		**1,690,434**	352,825	**597,524**	927,710
Academic course expenses		**1,200,879**	682,717	**352,058**	218,157
Security charges		**1,101,729**	1,068,604	**159,732**	80,768
Breakfast expenses		**400,432**	454,505	**479,271**	416,144
Depreciation	*4.1.3*	**231,926**	231,801	**526,787**	428,959
Communication		**418,643**	115,760	**269,234**	104,338
Printing and stationery		**306,285**	423,952	**315,883**	453,873
Fee and subscription expenses		**382,520**	-	**192,188**	-
Art activities expenses		**355,696**	223,618	**122,415**	109,227
Incentives to staff		**360,000**	360,000	**-**	120,000
Travelling and conveyance		**304,000**	55,102	**16,755**	9,913
Sports related expenses		**265,710**	621,047	**26,015**	37,800
Fumigation expenses		**251,625**	-	**-**	-
Auditors' remuneration		**105,077**	62,282	**105,077**	62,282
Plantation expenses		**87,035**	61,778	**79,075**	47,870
Teachers' training expenses		**61,327**	9,260	**73,592**	-
Janitorial expenses		**70,746**	108,747	**58,718**	71,934
Insurance		**62,859**	63,250	**62,859**	63,250
Exhibition expenses		**58,006**	28,102	**61,189**	-
Festivals and other related expenses		**62,056**	42,395	**19,799**	37,954
Utilities		**38,851**	9,940	**38,851**	7,300
Healthcare expenses		**34,270**	23,531	**6,129**	7,506
Networking expenses		**15,800**	32,000	**2,300**	-
Library expenses		**1,536**	5,860	**14,249**	101,754
Scrabble competition expenses		**9,200**	-	**-**	26,250
Advertisement expenses		**-**	-	**6,100**	-
Service charges		**-**	52,800	**-**	78,441
Others		**95,213**	63,873	**63,103**	78,109
		27,193,530	18,231,209	**16,212,546**	11,840,153

19.2 Lahore Region

	Note	Lahore Regional Office 2018	Lahore Regional Office 2017	Chungi School 2018	Chungi School 2017	Ibrahim Colony School 2018	Ibrahim Colony School 2017	Nazimabad School 2018	Nazimabad School 2017	Peco Road School 2018	Peco Road School 2017	Pindi Stop School 2018	Pindi Stop School 2017	Shahdrah School 2018	Shahdrah School 2017	Walton School 2018	Walton School 2017	Pir Colony School 2018	Pir Colony School 2017	Total Lahore Region 2018	Total Lahore Region 2017
		(Rupees)																			
Salaries and wages		2,147,924	2,055,272	245,944	230,519	218,743	207,662	190,067	190,763	238,307	274,374	230,048	223,250	317,478	296,500	220,378	206,086	-	135,897	3,808,889	3,820,323
Rent		380,664	343,398	88,234	88,672	119,892	108,125	98,560	88,900	90,763	81,855	96,631	86,460	97,428	87,846	93,001	83,221	-	53,240	1,075,178	1,021,617
Student fees expenses		585,800	565,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	585,800	565,000
Academic course expenses		-	-	24,746	19,715	24,746	19,715	24,746	19,715	24,746	19,715	24,746	19,716	24,746	19,715	24,749	19,715	-	-	173,225	138,008
Stipend to students		-	-	13,670	20,245	29,210	31,400	16,730	19,570	20,420	28,125	19,285	36,050	18,565	35,095	24,580	31,685	-	16,170	142,460	218,340
Auditors remuneration		105,077	62,282	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,077	62,282
Utilities		85,037	75,249	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,037	75,249
Printing and stationery		10,916	7,080	8,839	5,015	8,839	5,015	8,839	5,015	8,839	5,016	8,839	5,016	8,839	5,015	8,839	5,016	-	5,015	72,789	47,197
Communication		57,859	33,150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,859	33,150
Travelling and conveyance		38,675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,675	-
Repairs and maintenance		15,300	10,748	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,300	10,748
Festivals and other related expenses		-	-	720	1,080	720	1,080	720	1,080	720	1,080	720	1,080	720	1,080	720	1,080	-	-	5,040	7,560
Others		52,779	55,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	52,779	55,855
		3,480,131	3,208,034	382,153	365,148	402,150	372,997	339,662	325,043	383,800	410,164	380,269	371,570	467,774	445,251	372,268	346,802	-	210,322	6,218,207	6,055,329

19.3 Rawalpindi Region

	Note	Rawalpindi Regional Office 2018	Rawalpindi Regional Office 2017	Chah Sultan School 2018	Chah Sultan School 2017	Dhamyal School 2018	Dhamyal School 2017	Dhoke Saidan School 2018	Dhoke Saidan School 2017	Fauji Colony School 2018	Fauji Colony School 2017	Naseerabad School 2018	Naseerabad School 2017	Thamaspabad School 2018	Thamaspabad School 2017	Total Rawalpindi Region 2018	Total Rawalpindi Region 2017
		(Rupees)															
Salaries and wages		2,117,175	2,040,390	165,119	160,356	129,274	127,748	159,719	122,043	184,840	168,169	131,285	102,048	180,357	177,872	3,067,749	2,918,626
Rent		294,462	280,440	90,774	82,522	75,405	68,547	54,460	49,512	65,484	59,532	82,947	76,405	92,808	84,376	756,340	700,334
Auditors remuneration		105,077	62,282	-	-	-	-	-	-	-	-	-	-	-	-	105,077	62,282
Student fees expenses		104,530	158,700	-	-	-	-	-	-	-	-	-	-	-	-	104,530	158,700
Communication		51,154	29,585	-	-	-	-	-	-	-	-	-	-	-	-	51,154	29,585
Printing and stationery		7,342	2,865	6,934	2,647	6,934	2,647	6,934	2,647	6,934	2,647	6,934	2,647	6,934	2,647	48,946	18,747
Stipend to students		-	-	9,180	28,955	-	1,920	7,075	9,300	8,165	38,220	3,680	720	13,110	25,385	41,210	104,500
Utilities		36,883	25,368	-	-	-	-	-	-	-	-	-	-	-	-	36,883	25,368
Travelling and conveyance		11,250	-	-	-	-	-	-	-	-	-	-	-	-	-	11,250	-
Repairs and maintenance		7,250	355	-	-	-	-	-	-	-	-	-	-	-	-	7,250	355
Festivals and other related expenses		-	-	306	616	306	616	306	616	306	616	306	616	306	616	1,836	3,698
Academic course expenses		-	-	-	675	-	-	-	675	-	-	-	-	-	-	-	1,350
Others		41,170	39,030	-	-	-	-	-	-	-	-	-	-	-	-	41,170	39,030
		2,778,293	2,639,015	292,313	295,771	211,919	201,478	228,494	184,793	245,728	269,184	225,132	181,436	293,515	290,896	4,273,395	4,062,575

19.4 Auditors' remuneration

	Note	2018	2017
		(Rupees)	
Annual audit fee		**500,000**	300,000
Out of pocket expenses		**25,384**	35,410
		525,384	335,410

20. TAXATION

20.1 In accordance with the provisions of Section 100 C of the Income Tax Ordinance 2001, the income of non-profit organizations, trusts or welfare institutions, shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provision of the Income tax Ordinance 2001, subject to the following conditions, namely:

(a) return has been filed;
(b) tax required to be deducted or collected has been deducted or collected and paid;
(c) withholding tax statements for the immediately preceding tax year have been filed; and
(d) the administrative and management expenditure does not exceed 15% of the total receipts;

"Provided that clause (d) shall not apply to a non-profit organization, if;

(a) charitable and welfare activities of the non-profit organization have commenced for the first time within last three years;
(b) total receipts of the non-profit organization during the tax year are less than one hundred million Rupees."

Total receipts of The Trust during the tax year are less than one hundred million Rupees. Therefore clause (d) will not be applicable in this case. However, the Trust complies with the provisions of clause (a) to (c) and is therefore entitled for a tax credit equal to one hundred percent of the tax payable including minimum tax and final taxes payable under any of the provision of the Income tax Ordinance 2001.

20.2 Further, sub-section (1A) of section 100 C of the Income Tax Ordinance, 2001 provides that the surplus funds of non-profit organization shall be taxed at a rate of ten percent.

For the purpose of sub-section (1A), surplus funds means funds or monies:

(a) not spent on charitable and welfare activities during the tax year;
(b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;
(c) which are more than twenty-five percent of the total receipts of the non-profit organization received during the tax year; and
(d) are not part of restricted funds.

For the purpose of this sub-section, "restricted funds" mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor.

The Trust has not recognized any provision for current or deferred tax in respect of its surplus funds under sub-section (1A) of section 100 C of the Income Tax Ordinance 2001, as surplus did not exceed twenty-five percent of the total receipts. Had the surplus exceed twenty-five percent of the total receipts, a provision for tax at the rate of 10% of surplus funds (i.e Rs. 1.586 million) would have been recognized in the financial statements.

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21. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of trustees of the Trust, their close family members and other key management personnel. Details of transactions and balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

21.1 Details of transactions with related parties during the year are as follows:

	Note	2018	2017
		(Rupees)	
Zindagi Trust USA Inc.			
Donations and zakat received	*15.1 & 16.1*	**17,141,125**	11,999,453
Zindagi Trust UK			
Donations received	*15.1*	**4,194,000**	-
Trustees			
Donations and zakat received		**300,000**	875,111
Travelling expenses		**310,000**	-
Key Management Personnel			
Salaries and benefits		**4,264,410**	4,074,600
Travelling expenses		**35,443**	497,735

21.2 Balances with related parties at the year end are Nil.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Trustees has overall responsibility for the oversight of financial risk management for the Trust. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Trust's financial risk exposures.

22.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Trust arises principally from short term investment and bank deposits. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2018	2017
		(Rupees)	
Security deposits	7	**517,150**	517,150
Accrued interest income		**3,515,423**	2,128,143
Prepaid expenses	8	**142,141**	125,966
Other receivables	8	**190,469**	607,518
Loans and advances to employees	8	**131,399**	117,787
Balances with bank	9	**30,374,323**	10,338,456
		34,870,905	13,835,[illegible]

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Trust's performance to developments affecting a particular industry. The Trust is not significantly exposed to concentration of credit risk.

Bank balances

Bank balances are only held with reputable banks having sound credit ratings. The credit quality of Trust's bank balances can be assessed with reference to external credit ratings as follows:

Bank name	Rating Agency	Long Term Rating	Short Term Rating	2018 (Rupees)	2018 %	2017 (Rupees)	2017 %
Bank Al Habib Limited	PACRA	AA+	A1+	**28,566,175**	**94.047**	10,338,051	99.996
Telenor Microfinance Bank	PACRA	A+	A1	**1,018,995**	**3.355**	405	0.004
Habib Bank Limited	PACRA	AA+	A1+	**789,154**	**2.598**	-	-
				30,374,324	**100.000**	10,338,456	100.000

22.2 Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Trust could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Trust's reputation.

Maturity analysis of financial liabilities

The table below analyses the Trust's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	2018				
	Carrying amount	**Contractual cash flows**	**Less than six months**	**Seven to twelve months**	**More than one year**
			(Rupees)		
Non-derivative financial liabilities					
Security deposits	**2,326,636**	**(2,326,636)**	**2,326,636**	-	-
Accrued and other liabilities	**5,346,141**	**(5,346,141)**	**5,346,141**	-	-
	7,672,777	**(7,672,777)**	**7,672,777**	-	-

	2017				
	Carrying amount	Contractual cash flows	Less than six months	Seven to twelve months	More than one year
			(Rupees)		
Non-derivative financial liabilities					
Security deposits	1,280,607	(1,280,607)	1,280,607	-	
Accrued and other liabilities	1,668,559	(1,668,559)	1,668,559	-	-
	2,949,166	(2,949,166)	2,949,166	-	-

22.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

22.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Trust, at present, is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

22.3.2 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from National Savings Certificates.

	Note	**2018**	2017
Fixed rate instrument		**(Rupees)**	
National Savings Certificates	*6*	**70,500,000**	80,500,000

22.3.3 *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). At reporting date, the Trust does not have financial instruments exposed to other price risk.

22.4 *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Trust's operations either internally within the entity or externally at the Trust's service providers, from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Trust's activities.

23. FUND MANAGEMENT

The Trust receives donations from corporate entitities and individual donors including Trustees, related parties. The Trust's objective when managing funds is safeguard it's ability to continue as a going concern and to maintain a strong fund base to support the sustained development of it's operations.

The Trust was approved by the Commissioner as a non-profit organization under rule 214 and rule 220 of the Income Tax Rules, 2002 dated 27 January 2017. This approval is valid for subsequent three years unless withdrawn.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Trust is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Trust measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

24.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value:

		Carrying amount					Fair value			
	Note	Loans and receivable	Cash and cash equivalents	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2018		(Rupees)					(Rupees)			
Financial assets - not measured at fair value										
Security deposits	*24.1.1*	517,150	-	-	-	517,150				
Investments	*24.1.1*	-	-	96,000,000	-	96,000,000				
Accrued interest income	*24.1.1*	-	-	3,515,423	-	3,515,423				
Prepaid expenses	*24.1.1*	-	-	142,141	-	142,141				
Loans and advances to employees	*24.1.1*	131,399	-	-	-	131,399				
Other receivables	*24.1.1*	190,469	-	-	-	190,469				
Cash and bank balances	*24.1.1*	-	30,432,993	-	-	30,432,993				
		839,018	30,432,993	99,657,564	-	130,929,575				
Financial liabilities - not measured at fair value										
Security deposits	*24.1.1*	-	-	-	5,346,141	5,346,141				
Accrued expenses and other liabilities	*24.1.1*	-	-	-	2,326,636	2,326,636				
		-	-	-	7,672,777	7,672,777				
30 June 2017										
Financial assets - not measured at fair value										
Security deposits	*24.1.1*	517,150	-	-	-	517,150				
Investments	*24.1.1*	-	-	96,000,000	-	96,000,000				
Accrued interest income	*24.1.1*	-	-	2,128,143	-	2,128,143				
Prepaid expenses	*24.1.1*	-	-	125,966	-	125,966				
Loans and advances to employees	*24.1.1*	117,787	-	-	-	117,787				
Other receivables	*24.1.1*	607,518	-	-	-	607,518				
Cash and bank balances	*24.1.1*	-	10,354,968	-	-	10,354,968				
		1,242,455	10,354,968	98,254,109	-	109,851,532				
Financial liabilities - not measured at fair value										
Security deposits	*24.1.1*	-	-	-	1,280,607	1,280,607				
Accrued expenses and other liabilities	*24.1.1*	-	-	-	1,668,559	1,668,559				
		-	-	-	2,949,166	2,949,166				

24.1.1 The Trust has not disclosed fair values for these financial assets and financial liabilities as their carrying amounts are reasonable approximation of the fair value.

25. GENERAL

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25.1 These financial statements were authorised for issue in the meeting of the Board of Trustees held on ________.

25.2 Security deposits have been reclassified from non-current to current, as these are receivable / payable on demand. Details are included in note 7 and note 12 respectively.

Trustee

Nazim I. Haji

Trustee