ZINDAGI TRUST

A YEAR IN REVIEW

2019

@ZindagiTrust

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2019 - A YEAR IN REVIEW

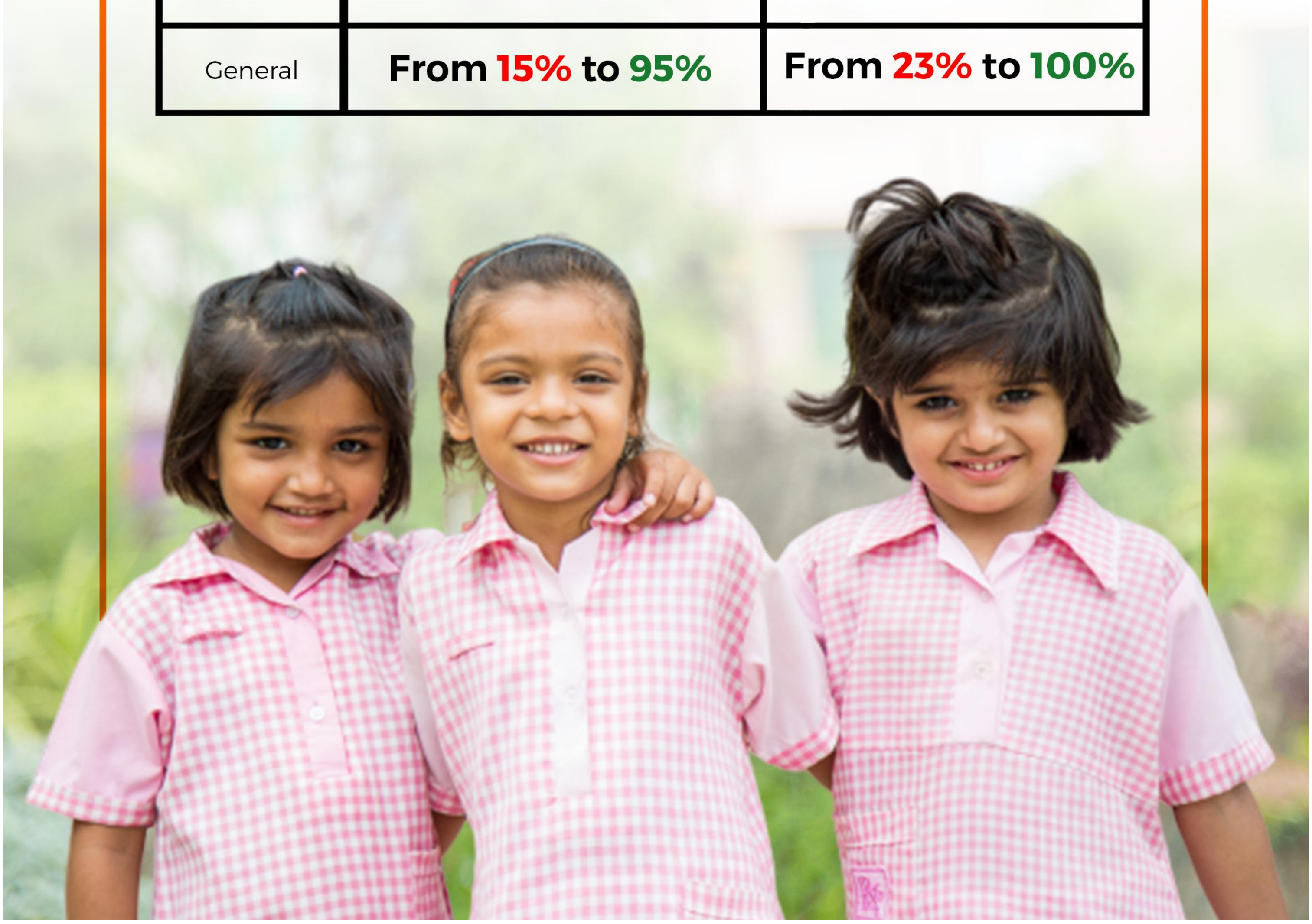
In 2019, we consolidated our success in reforming government schools through a combination of pilot projects of **model schools and policy advocacy** powered by the generosity of our donors.

We provided holistic education to 3100 students at two adopted government schools in Karachi - including interventions in **good governance and administration;** academic innovation through **technology and modern textbooks; health and wellness** through a nurse, a daily breakfast program and a mental health counselor; weekly classes in **art, music, chess and a variety of sports;** introduction to new ideas and fields through guest talks, workshops and field trips during **summer camps;** and **Life Skills Based Education** to help protect children from abuse as well disease, poor hygiene, malnutrition, other rights abuses

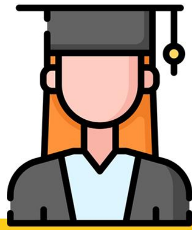
Our **Teacher Professional Development Team** at each school worked hard to build the capacity of our government teachers and make their lessons more fruitful. With the same government teachers our students were able to achieve a **much-improved board exam performance:**

Class 10 (SSC Part II) Board Exam Results

	School 1: SMB Fatima Jinnah Government Girls School	**School 2:** Khatoon-e-Pakistan Government Girls School
Science	**From 58% to 96%**	**From 45% to 83%**
General	**From 15% to 95%**	**From 23% to 100%**

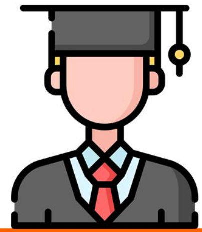


2019 - A YEAR IN REVIEW



218
YOUNG GIRLS

successfully **Completed their Matriculation** from our schools and are ready to start their college education



750
CHILD LABOURERS

in **Rawalpindi** and **Lahore** Completed their **Primary Education** under our **Paid to Learn** program

2019 - A YEAR IN REVIEW

Our government schools put up a spectacular student **Art Show** featuring artworks on themes ranging from Sadequain's poetry and calligraphy to portraits and pointillism, as well as an invigorating Creatives' Roundtable discussion on the role of the arts in education





We completed our first ever **Residential Summer Fellowship** at a community school in a remote, mountainous village near Swat, Khyber Pakhtunkhwa teaching courses in Environmental Activism, Art, Sports & Storytelling, bringing together passionate youth from 5 different cities across Pakistan to serve 200 schoolgirls.





Our efforts in **Advocating for Child Safety & Protection** through Life Skills Based Education intensified in Punjab with a provincial taskforce being formed to accelerate the integration of such education into the school curriculum. In addition to Punjab, we also continued to raise awareness for Child Protection in Sindh and Balochistan through our work with the provincial governments and across Pakistan through our advocacy in the media and with the Ministry of Human Rights.


2019 - A YEAR IN REVIEW

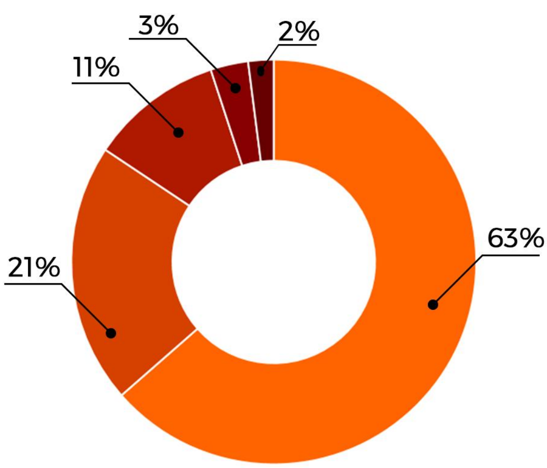
Students from both our model government schools represented not only their schools but government schools overall, shining in a variety of **local, regional and national events in chess, art, sports,** and even **interacted with the Duke and Duchess of Cambridge William and Kate** in Lahore.

Financial Highlights

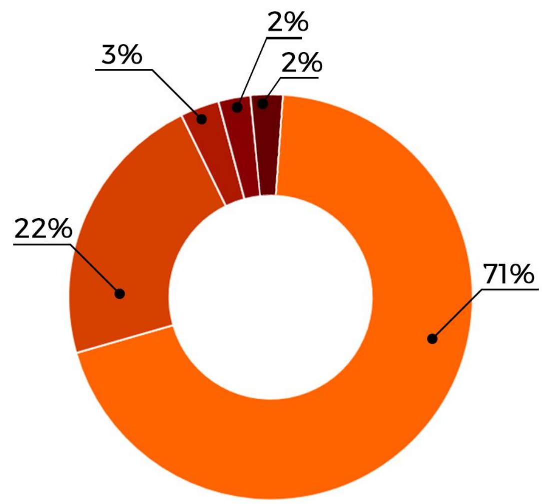
Graphical Presentation of Balance Sheet

ASSETS

2019



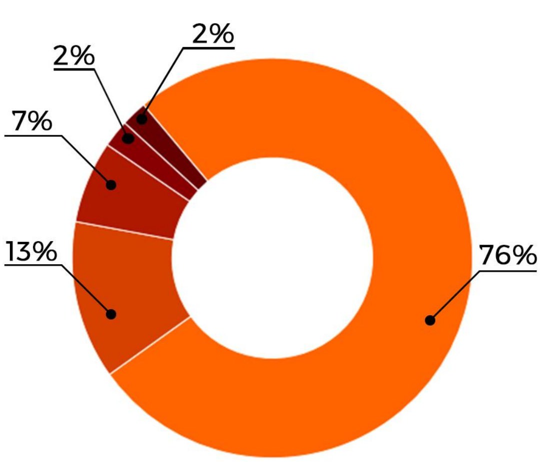
2018



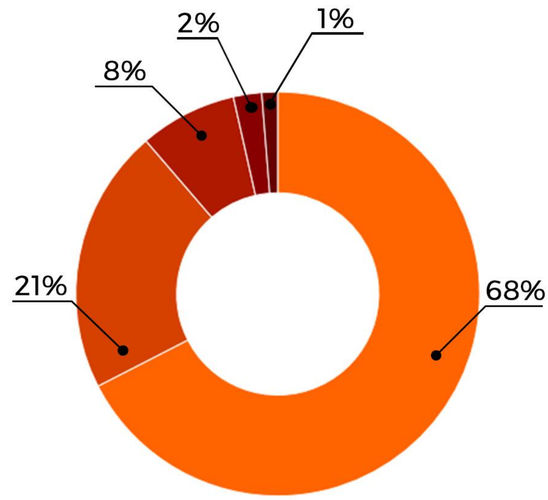
Investments
Cash and Bank Balances
Property and Equipment
Receivables
Accured Interest Income

INCOME

2019



2018

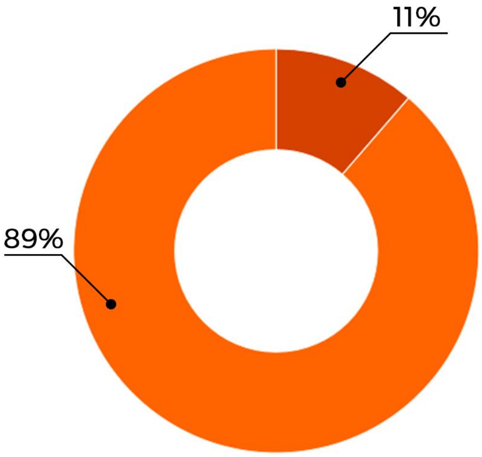


Donations
Zakat
Income on investments
Rental Income
Profit on Bank Deposits

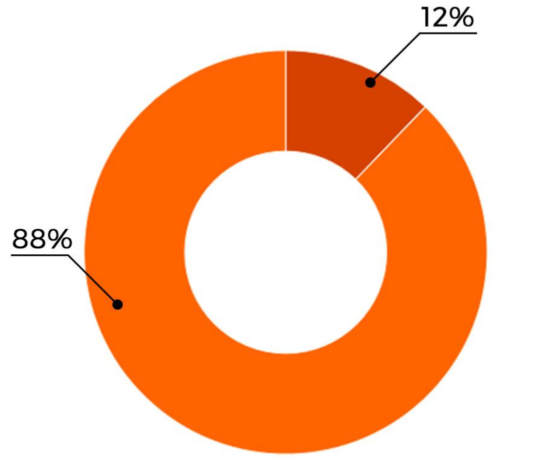
Graphical Presentation of
Expenditure & School Reform Expenses

EXPENDITURES

2019



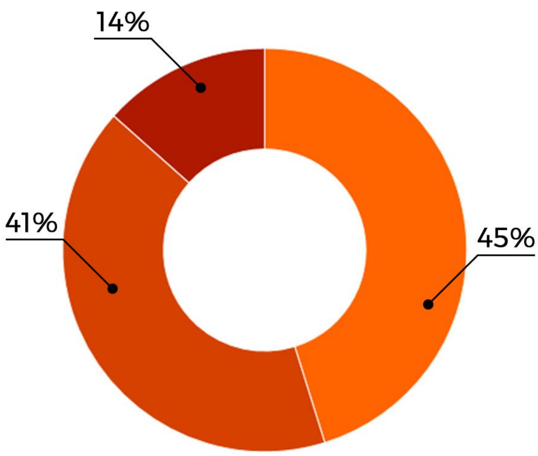
2018



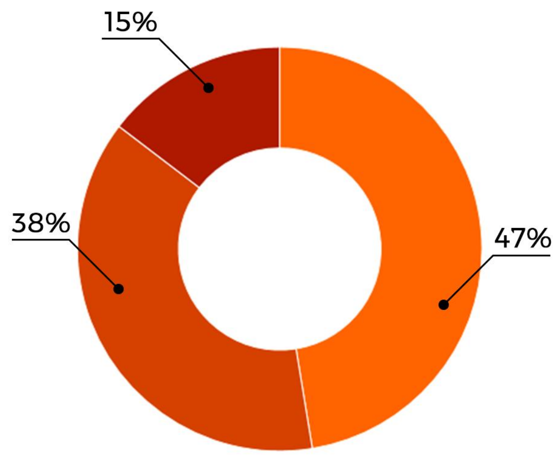
- Administrative Expenses
- Direct Educational Expenses

SCHOOL REFORM EXPENSES

2019



2018



- School Running Expenses
  include Management and Administration, School Upkeep, Communication
- Teacher and Classroom Support
  includes Teacher Professional Development and Training, Technology-Enhanced Classrooms, Handouts and other Learning Aids
- Student Development
  Health, Nutrition and Wellness, Art, Sports, Mind Sports, Music, Summer Camp and other School Events like Math Olympiad

Zindagi Trust

Financial Statements

For the year ended 30 June 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

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 2019, and the income and expenditure account, the statement of comprehensive income, the statement of cash flows and the statement of changes in the funds 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 2019, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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.

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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, and for such internal control as the management 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, 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 charge 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 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.

KPMG Taseer Hadi & Co.

- 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.

The engagement partner on the audit resulting in this independent auditors' report is Zeeshan Rashid.

KPMG Taseer Hadi & Co.

Date: 19 December 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Zindagi Trust
Balance sheet
As at 30 June 2019

	Note	2019	2018
		(Rupees)	
ASSETS			
Non-current assets			
Property and equipment	6	**14,475,351**	2,191,836
Intangible assets	7	**1**	1
Investment property	8	**749,475**	933,869
Investments	9	**86,000,000**	70,500,000
		101,224,827	73,625,706
Current assets			
Security deposits	10	**552,150**	517,150
Loans, advances, prepayments and other receivables	11	**248,057**	464,009
Accrued interest income		**2,768,646**	3,515,423
Taxation receivable		**3,305,910**	3,305,908
Current maturity of investments	9	**-**	25,500,000
Cash and bank balances	12	**28,408,264**	30,432,993
		35,283,027	63,735,483
Total assets		**136,507,854**	137,361,189
FUNDS			
Payable to employees	13	**43,527,490**	11,668,539
Endowment Fund	14	**86,000,000**	118,019,873
		129,527,490	129,688,412
LIABILITIES			
Current liabilities			
Payable to employees	15	**3,257,479**	2,326,636
Accrued expenses and other liabilities	16	**3,722,885**	5,346,141
		6,980,364	7,672,777
Total funds and liabilities		**136,507,854**	137,361,189
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes 1 to 28 form an integral part of these financial statements.

Trustee **Trustee**

Zindagi Trust

Income and Expenditure Account

For the year ended 30 June 2019

	Note	2019	2018
		(Rupees)	
Income			
Donations	18	**71,186,537**	52,097,650
Zakat receipts	19	**11,996,580**	16,411,344
Income on investments		**6,240,411**	6,020,114
Rental income	20	**2,082,244**	1,748,640
Profit on bank deposits		**1,941,753**	977,267
Others		**161,348**	58,153
Total income		**93,608,873**	77,313,168
Expenditure			
Administrative expenditure	21	**10,621,110**	7,495,863
Direct educational expenditure	22	**83,164,702**	53,949,878
Total expenditure		**93,785,812**	61,445,741
Other (expenses) / income			
Gain / (loss) on disposal of property and equipment	6.1.4	**16,017**	(3,445)
(Deficit) / surplus for the year before taxation		**(160,922)**	15,863,982
Taxation	23	**-**	-
Deficit for the year		**(160,922)**	15,863,982

The annexed notes 1 to 28 form an integral part of these financial statements.

Trustee **Trustee**

Zindagi Trust

Statement of Comprehensive Income

For the year ended 30 June 2019

	2019	2018
	(Rupees)	
Deficit for the year	**(160,922)**	15,863,982
Other comprehensive income	-	-
Total comprehensive loss for the year	**(160,922)**	15,863,982

The annexed notes 1 to 28 form an integral part of these financial statements.

Trustee

J. Amjad

Trustee

Zindagi Trust
Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019	2018
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		**(160,922)**	15,863,982
Adjustment for:			
Depreciation	6.1.3 & 8	**1,230,468**	990,363
Loss / (gain) on disposal of property and equipment	6.1.4	**(16,017)**	3,445
		1,214,451	993,808
Surplus before working capital changes		**1,053,529**	16,857,790
WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Loans, advances, prepayments and other receivables		**215,952**	387,262
Accrued interest income		**746,777**	(1,387,280)
Taxation receivables		**(2)**	(3)
Security deposits		**(35,000)**	-
(Decrease) / increase in current liabilities			
Accrued expenses and other liabilities		**(1,623,256)**	3,677,582
Payable to employees		**930,843**	1,046,029
Net cash generated from operating activities		**1,288,843**	20,581,380
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6.1	**(4,119,718)**	(547,967)
Capital work-in-progress	6.2	**(9,244,500)**	-
Proceeds from encashment of national saving certificates	9	**10,000,000**	-
Proceeds from disposal of property and equipment	6.1.4	**50,646**	44,612
Net cash (used in) investing activities		**(3,313,572)**	(503,355)
Net increase in cash and cash equivalents during the year		**(2,024,729)**	20,078,025
Cash and cash equivalent at beginning of the year		**30,432,993**	10,354,968
Cash and cash equivalent at end of the year	12	**28,408,264**	30,432,993

The annexed notes 1 to 28 form an integral part of these financial statements.

Trustee | **Trustee**

Zindagi Trust

Statement of Changes in the Funds

For the year ended 30 June 2019

	Note	General fund	Endowment fund	Total
		---(Rupees)---		
Balance as at 1 July 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	*14.1*	(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
Total comprehensive income for the year				
Deficit for the year		(160,922)	-	(160,922)
Other comprehensive income		-	-	-
Transfer from endowment fund	*14.1*	32,019,873	(32,019,873)	-
		31,858,951	(32,019,873)	(160,922)
Balance as at 30 June 2019		**43,527,490**	**86,000,000**	**129,527,490**

The annexed notes 1 to 28 form an integral part of these financial statements.

Trustee

Trustee

Zindagi Trust
Notes to the Financial Statements
For the year ended 30 June 2019

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 accounting and reporting standards as applicable in Pakistan. Accounting and reporting 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.

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 6.1)
- Intangible assets (note 3.2 and 7)
- Investment property (note 3.3 and 8)
- Taxation (note 3.14 and 23)
- Contingencies and Commitments (note 17)

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- 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 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 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 management is in process of analysing the potential impact of adopting this standard on the financial statements.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Trust's financial statements.

- 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 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

- 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 company 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.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company 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 recognised consistently with the transaction that generates the distributable profits.

  - IAS 23 Borrowing Costs - the amendment clarifies that a company 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.

2.6 CHANGES IN ACCOUNTING POLICIES

Except as described below, the Trust has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

The Trust has adopted IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers' from 1 July 2018. A number of other new standards are effective from 1 July 2018 but they do not have a material effect on the Trust's financial statements.

Due to the transition methods chosen by the Trust in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

IFRS 15 did not have a significant impact on the Trust's accounting policies with respect to recognition of donation / grant, profit, and other investment income and related assets and liabilities recognised by the Trust. Accordingly, there is no impact on comparative information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of the adoption of IFRS 9, the Trust has adopted consequential amendments to IAS 1 'Presentation of financial statements', which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss account.

Additionally, the Trust has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019, but have not been applied to the comparative information.

The key changes to the Trust's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in Note 4.

i. Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities therefore its adoption did not have a significant effect on the Trust's accounting policies related to financial liabilities.

For an explanation of how the Trust classifies financial assets under IFRS 9, see Note 3.5.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Trust has classified its financial assets as measured at: FVTPL or amortised cost. IFRS 9 has scoped out impairment for financial assets measured at 'fair value through profit or loss' where as for debt securities measured at amortised cost there are impairment requirements. The impairment assessed by the Trust is very minimal for financial assets measured at amortised cost therefore no impairment has been booked by the Trust.

iii. Transition

The changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively except that comparative periods have not generally been restated. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to information presented for 2019 under IFRS 9.

For more information and details on the changes and implications resulting from the adoption of IFRS 9, see Note 4.

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 2018. 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 measured 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 6 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 7 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 (Policies applicable before 1 July 2018)

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.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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 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.

3.5 Financial assets (Policies applicable after 01 July 2018)

i. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Trust may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Trust makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Trust's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Trust's stated objectives for managing the financial assets are achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Trust considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Trust considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Trust's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates

ii. Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit are recognised in statement of profit or loss account.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective yield method. The amortised cost is reduced by impairment losses. Interest / profit and impairment are recognised in statement of profit or loss account.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective yield method. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss account.

Equity investments at FVOCI These assets are subsequently measured at fair value. Other net gains and losses are recognised in statement of other comprehensive income and are never reclassified to statement of profit or loss account.

The fair value of financial assets are determined as follows:

a) Government securities

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

iii. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Trust changes its business model for managing financial assets.

iv. Impairment of financial assets

Financial assets at amortised cost

The Trust recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Trust measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment and including forward-looking information.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Trust considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Trust in full, without recourse by the Trust to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset as the Trust hold financial asset with bank with no event of default in the past and high quality of credit rating. Remaining financial asset are either way short term or invested in Government saving certificates which are of sovereign nature and whom Trust does not consider there is any risk of default.

3.6 Financial liabilities - Measurement

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

3.7 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.

3.8 Accrued expenses and other liabilities

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

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 General Fund

This is an unrestricted fund used to meet the general revenue and capital expenditure requirements of the Trust.

3.16 Endowment Fund

This Fund was created for the sustainability of operations of the Trust. The principal objective of this fund is to make investments in schemes where the principal amount is not depreciated. A certain amount can be transferred from this Fund to operational account when required, after the approval from Board of Trustees.

4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table and the accompanying note below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Trust's financial assets as at July 01, 2018:

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Investments	(a)	Held to maturity	Amortised cost	70,500,000	70,500,000
Current maturity of Investments	(a)	Held to maturity	Amortised cost	25,500,000	25,500,000
Loans, advances and other receivables	(b)	Loans and receivables	Amortised cost	321,868	321,868
Security deposits	(b)	Loans and receivables	Amortised cost	517,150	517,150
Accrued interst income	(b)	Loans and receivables	Amortised cost	3,515,423	3,515,423
Cash and bank balances	(b)	Loans and receivables	Amortised cost	30,432,993	30,432,993
Financial liabilities					
Security deposits	(c)	Other financial liabilities	Amortised cost	2,326,636	2,326,636
Creditors, accrued and other payables	(c)	Other financial liabilities	Amortised cost	5,346,141	5,346,141

The reclassifications set out in the table above are explained below.

a) The financial assets classified as 'Held to Maturity' have been classified as 'at amortised cost'.
b) The financial assets classified as 'loans and receivables' have been classified as 'at amortised cost'.
c) The financial liabilities classified as 'other financial liabilities' have been classified as 'at amortised cost'.

5. DETAILS OF THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF INCOME AND EXPENDITURE ACCOUNT

5.1 Statement of Financial Position

		2019			2018		
ASSETS	Note	**General Fund**	**Endowment Fund**	**Total**	General Fund	Endowment Fund	Total
		(Rupees)			(Rupees)		
Non-current assets							
Property and equipment	6	14,475,351	-	14,475,351	2,191,836	-	2,191,836
Intangible assets	7	1	-	1	1	-	1
Investment property	8	749,475	-	749,475	933,869	-	933,869
Investments	9	-	86,000,000	86,000,000	-	70,500,000	70,500,000
		15,224,827	86,000,000	101,224,827	3,125,706	70,500,000	73,625,706
Current assets							
Security deposits	10	552,150	-	552,150	517,150	-	517,150
Loans, advances, prepayments and other receivables	11	248,057	-	248,057	464,009	-	464,009
Accrued interest income		2,768,646	-	2,768,646	3,515,423	-	3,515,423
Taxation receivable		3,305,910	-	3,305,910	3,305,908	-	3,305,908
Current maturity of investments	9	-	-	-	-	25,500,000	25,500,000
Cash and bank balances	12	28,408,264	-	28,408,264	16,058,992	14,374,001	30,432,993
		35,283,027	-	35,283,027	23,861,482	39,874,001	63,735,483
Total assets		50,507,854	86,000,000	136,507,854	26,987,188	110,374,001	137,361,189
FUNDS							
General Fund	13	43,527,490	-	43,527,490	11,668,539	-	11,668,539
Endowment Fund	14	-	86,000,000	86,000,000	7,645,872	110,374,001	118,019,873
		43,527,490	86,000,000	129,527,490	19,314,411	110,374,001	129,688,412
LIABILITIES							
Current liabilities							
Payable to employees	15	3,257,479	-	3,257,479	2,326,636	-	2,326,636
Accrued expenses and other liabilities	16	3,722,885	-	3,722,885	5,346,141	-	5,346,141
		6,980,364	-	6,980,364	7,672,777	-	7,672,777
Total funds and liabilities		50,507,854	86,000,000	136,507,854	26,987,188	110,374,001	137,361,189
CONTINGENCIES AND COMMITMENTS	17						

5.2 Statement of Income and Expenditure Account

		2019			2018		
	Note	**General Fund**	**Endowment Fund**	**Total**	General Fund	Endowment Fund	Total
		(Rupees)			(Rupees)		
Income							
Donations	18	71,186,537	-	71,186,537	52,097,650	-	52,097,650
Zakat receipts	19	11,996,580	-	11,996,580	16,411,344	-	16,411,344
Income on investments		6,240,411	-	6,240,411	6,020,114	-	6,020,114
Rental income	20	2,082,244	-	2,082,244	1,748,640	-	1,748,640
Profit on bank deposits		1,941,753	-	1,941,753	977,267	-	977,267
Others		161,348	-	161,348	58,153	-	58,153
Total income		93,608,873	-	93,608,873	77,313,168	-	77,313,168
Expenditure							
Administrative expenditure	21	10,621,110	-	10,621,110	7,495,863	-	7,495,863
Direct educational expenditure	22	83,164,702	-	83,164,702	53,949,878	-	53,949,878
Total expenditure		93,785,812	-	93,785,812	61,445,741	-	61,445,741
Other (expenses) / income							
Gain / (loss) on disposal of property and equipment	6.1.4	16,017	-	16,017	(3,445)	-	(3,445)
(Deficit) / surplus for the year before taxation		(160,922)	-	(160,922)	15,863,982	-	15,863,982
Taxation	23	-	-	-	-	-	-
Deficit for the year		(160,922)	-	(160,922)	15,863,982	-	15,863,982

6. PROPERTY AND EQUIPMENT

	Note	2019	2018
		(Rupees)	
Property and equipment	6.1	**5,230,851**	2,191,836
Capital work-in-progress	6.2	**9,244,500**	-
		14,475,351	2,191,836

6.1 Property and equipment

2019

	Cost				Rate	Accumulated depreciation				Written down
	As at 01 July 2018	Additions	(Disposals)/ (write offs)	As at 30 June 2019	%	As at 01 July 2018	For the year	(Disposals)/ (write offs)	As at 30 June 2019	value as at 30 June 2019
	(Rupees)					(Rupees)				(Rupees)
Furniture, office equipment and other assets	7,161,130	4,119,718	(500,999)	10,779,849	20%	4,969,294	1,046,074	(466,370)	5,548,998	5,230,851
Vehicles	-	-	-	-	20%	-	-	-	-	-
Medical equipment	-	-	-	-	20%	-	-	-	-	-
	7,161,130	4,119,718	(500,999)	10,779,849		4,969,294	1,046,074	(466,370)	5,548,998	5,230,851

2018

	Cost				Rate	Accumulated depreciation				Written down
	As at 01 July 2017	Additions	(Disposals)/ (write off)	As at 30 June 2018	%	As at 01 July 2017	For the year	(Disposals)/ (write off)	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

6.1.1 The cost of fully depreciated assets as at 30 June 2019 is Rs. 2.918 million (2018: Rs. 2.938 million).

	Note	2019	2018
		(Rupees)	
Furniture, office equipment and other assets		**2,917,890**	2,938,249
		2,917,890	2,938,249

6.1.2 The cost of assets written off during the year ended 30 June 2019 is nil (2018: Rs. 3.594 million).

	2019	2018
Furniture, office equipment and other assets	-	2,368,205
Vehicles	-	1,187,200
Medical equipment	-	38,908
	-	3,594,313

6.1.3 Depreciation allocation

	2019	2018
Administrative expenditure	**102,663**	47,256
Direct educational expenditure - SMB Fatima Jinnah School	**258,180**	231,926
Direct educational expenditure - KPS School	**606,141**	526,787
Direct educational expenditure - SGS School	**79,090**	-
	1,046,074	805,969

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

Particulars	Cost	Accumulated depreciation	WDV	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyers
	(Rupees)						
Furniture, office equipment and other assets	500,999	466,370	34,629	50,646	16,017	Negotiation	Miscellaneous

6.2 During the year, Zindagi Trust paid advance payment for purchase of residential plot no. 26 sector 5B, DHA in the name of two trustees.

[illegible]

7. INTANGIBLE ASSETS

2019

	Cost				Rate	Accumulated amortization				Written down
	As at 01 July 2018	**Additions**	**(Disposals)**	**As at 30 June 2019**	**%**	**As at 01 July 2018**	**For the year**	**(Disposals)**	**As at 30 June 2019**	**value as at 30 June 2019**
	(Rupees)					(Rupees)				(Rupees)
Computer software	**80,000**	**-**	**-**	**80,000**	**33.33%**	**79,999**	**-**	**-**	**79,999**	**1**

2018

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

8. INVESTMENT PROPERTY

2019

	Cost				Rate	Accumulated amortization				Written down
	As at 01 July 2018	**Addition**	**(Disposals)**	**As at 30 June 2019**	**%**	**As at 01 July 2018**	**For the year**	**(Disposals)**	**As at 30 June 2019**	**value as at 30 June 2019**
	(Rupees)					(Rupees)				(Rupees)
Building	**3,687,875**	**-**	**-**	**3,687,875**	**5%**	**2,754,006**	**184,394**	**-**	**2,938,400**	**749,475**

2018

	Cost				Rate	Accumulated amortization				Written down
	As at 01 July 2017	Addition	(Disposals)	As at 30 June 2018	%	As at 01 July 2017	For the year	(Disposals)	As at 30 June 2018	value 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

8.1 The fair value of the investment property is Rs. 24.252 million as at 30 June 2019 (2018: Rs.19.402 million).

8.2 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.

9. INVESTMENTS

	Note	**2019**	2018
		(Rupees)	
National Savings Certificates	*9.1*	**86,000,000**	96,000,000
Current maturity of National Savings Certificates		**-**	(25,500,000)
		86,000,000	70,500,000

9.1 These carry rates of return ranging from 5.80% to 11.4% (2018: 5.80% to 13.4%) per annum with maturity ranging between 18 March 2022 to 01 October 2022 (2018: 21 September 2018 to 25 May 2021).

10. SECURITY DEPOSITS

	Note	**2019**	2018
		(Rupees)	
Head office building		**450,000**	450,000
Lahore regional office		**60,000**	40,000
Rawalpindi regional office		**20,000**	20,000
Others	*10.1*	**22,150**	7,150
	10.2	**552,150**	517,150

10.1 This represents deposits given to suppliers for telecommunication services.

10.2 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.

11. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	**2019**	2018
		(Rupees)	
Prepaid expenses		**126,242**	142,141
Loans and advances to employees	*11.1 & 11.2*	**66,162**	131,399
Others		**55,653**	190,469
		248,057	464,009

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

	2019		2018	
	Executives	**Other Employees**	Executives	Other Employees
	---------- (Rupees) ----------			
Opening balance	**-**	**131,399**	-	117,787
Disbursement during the year	**52,166**	**607,733**	166,000	692,209
Receipts during the year	**(42,168)**	**(688,753)**	(166,000)	(678,597)
Closing balance	**9,998**	**50,379**	-	131,399

11.2 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.

12. CASH AND BANK BALANCES

	Note	2019	2018
		(Rupees)	
Balances with banks			
Current accounts		**3,065,499**	1,881,294
Deposit accounts	*12.1*	**25,278,205**	28,493,029
		28,343,704	30,374,323
Cash in hand		**64,560**	58,670
		28,408,264	30,432,993

12.1 Deposit accounts carry a rate of return ranging from 6.5% to 10.25% (2018: 5.50%) per annum.

13. GENERAL FUND

	Note	2019	2018
Opening balance		**11,668,539**	3,450,429
Surplus for the year		**(160,922)**	15,863,982
Transferred from / (to) endowment fund	*14.1*	**32,019,873**	(7,645,872)
		43,527,490	11,668,539

14. ENDOWMENT FUND

	Note	2019	2018
Opening balance		**118,019,873**	110,374,001
Transferred (to) / from general fund	*14.1*	**(32,019,873)**	7,645,872
		86,000,000	118,019,873

14.1 Transfers from Endowment Fund to General Fund are made after the approval from Board of Trustees.

15. PAYABLE TO EMPLOYEES

This represents retention money and profit thereon for staff of SMB Fatima Jinnah School and KPS School amounting to Rs. 2.131 million (2018: Rs. 1.520 million) and Rs. 1.126 million (2018: Rs. 0.806 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	
		2019	2018	**2019**	2018	**2019**	2018
		---------- (Rupees) ----------					
Opening balance		**1,520,581**	849,131	**806,055**	431,477	**2,326,636**	1,280,608
Deductions made during the year		**952,304**	903,787	**524,313**	488,851	**1,476,617**	1,392,638
Refunded during the year		**(275,715)**	(193,180)	**(171,355)**	(107,363)	**(447,070)**	(300,543)
Written off during the year		**(66,133)**	(39,157)	**(32,571)**	(6,910)	**(98,704)**	(46,067)
Closing balance	*15.1*	**2,131,037**	1,520,581	**1,126,442**	806,055	**3,257,479**	2,326,636

15.1 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.

16. ACCRUED EXPENSES AND OTHER LIABILITIES

	2019	2018
	(Rupees)	
Accrued expenses	**731,564**	4,265,129
Security deposit against investment property	**750,000**	750,000
Unearned rental income	**74,589**	206,250
Creditors	**2,166,732**	124,762
	3,722,885	5,346,141

17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2019 and 30 June 2018.

18. DONATIONS

	Note	2019	2018
		(Rupees)	
Donations from:			
Overseas donors	*18.1*	**41,192,178**	13,517,800
Local donors	*18.2*	**29,994,359**	38,579,850
		71,186,537	52,097,650

18.1 Overseas donors

	Note	2019	2018
Zindagi Trust USA Inc.		**4,695,119**	4,585,780
Zindagi Trust UK		-	4,194,000
International Development and Relief Foundation (IDRF) of Canada	*18.1.1*	**3,812,618**	3,786,610
Global Giving Foundation		**1,550,107**	951,410
Grant from Malala Foundation		**31,134,334**	-
		41,192,178	13,517,800

18.1.1 A project agreement was entered between International Development and Relief Foundation (IDRF) and the Trust for 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 2019:

Prerequisite	Date of receipt	Amount (CAN $)	Conversion Rate	Amount (Rupees)
Submission and Acceptance of Interim Progress Report 2018	16-Aug-18	15,000	93.90	**1,408,500**
Submission and Acceptance of final Progress Report 2018	31-Oct-18	2,000	100.98	**201,960**
Signature of Project Agreement 2019	24-May-19	20,000	110.11	**2,202,158**
				3,812,618

18.2 Local donors

	Note	2019	2018
		(Rupees)	
Lucky Cement Limited		**21,903,348**	25,685,881
Gray Mackenzie Restaurants International Limited (KFC)		-	5,000,000
Pakistan Rangers Sindh		-	2,649,045
Bestway Foundation		-	2,000,000
Sitara Petroleum Services Private Limited		**800,000**	-
Burshane Petroleum Private Limited		**1,000,000**	-
Arif Lakhani		**500,000**	-
Salim Aday		**670,000**	-
ZT Cyber source Portal		**1,581,193**	-
Others	*18.2.1*	**3,539,818**	3,244,924
		29,994,359	38,579,850

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

19. ZAKAT RECEIPTS

	Note	2019	2018
		(Rupees)	
Zakat from:			
Overseas	19.1	**8,229,676**	12,555,345
Local		**3,766,904**	3,855,999
		11,996,580	16,411,344

19.1 This represents zakat received from Zindagi Trust USA Inc.

20. RENTAL INCOME

	Note	2019	2018
Income from investment property	20.1	**1,726,657**	1,556,250
Income from SMB canteen		**235,587**	192,390
Income from KPS canteen		**120,000**	-
		2,082,244	1,748,640

20.1 Investment property was rented out to Highnoon Laboratories on 16 February 2018 at a monthly rent of Rs. 137,500 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. 151,250

21. ADMINISTRATIVE EXPENDITURE

	Note	2019	2018
		(Rupees)	
Salaries and wages		**4,451,495**	4,409,885
Rent and taxes		**1,763,897**	1,669,247
Travelling and conveyance		**82,826**	517,220
Depreciation	6.1.3 & 8	**287,057**	231,650
Communication		**163,496**	154,050
Auditors' remuneration	22.6	**156,000**	105,076
Utilities		**130,303**	66,151
Plantation expenses		**91,400**	52,600
Repairs and maintenance		**152,607**	37,560
Insurance		**13,343**	31,429
Entertainment expenses		**21,523**	19,636
Stores and materials		**18,550**	19,060
Printing and stationery		**44,497**	18,979
Fee and subscription expenses		**398,000**	6,000
Bank charges		**2,050**	1,639
Marketing and web development expense		**2,667,118**	-
Others		**176,948**	155,681
		10,621,110	7,495,863

22. DIRECT EDUCATIONAL EXPENDITURE

	Note	2019	2018
SMB Fatima Jinnah School	22.1	**32,653,721**	27,193,530
KPS School	22.2	**18,587,185**	16,212,546
SGS School	22.3	**20,743,960**	-
Karachi Region		-	52,200
Lahore Region	22.4	**6,447,869**	6,218,207
Rawalpindi Region	22.5	**4,731,967**	4,273,395
		83,164,702	53,949,878

22.1 **SMB Fatima Jinnah Government Girls School**

	Note	SMB Fatima Jinnah School 2019	2018
		(Rupees)	
Salaries and wages		**24,094,536**	17,621,508
Repairs and maintenance		**2,171,379**	1,600,167
Stores and materials		**228,980**	1,690,434
Academic course expenses		**1,464,317**	1,200,879
Security charges		**1,030,098**	1,101,729
Breakfast expenses		**439,421**	400,432
Depreciation	*6.1.3*	**258,180**	231,926
Communication		**393,652**	418,643
Printing and stationery		**565,488**	306,285
Fee and subscription expenses		**350,667**	382,520
Art activities expenses		**295,743**	355,696
Incentives to staff		**360,000**	360,000
Travelling and conveyance		**48,945**	304,000
Sports related expenses		**260,232**	265,710
Fumigation expenses		**-**	251,625
Auditors' remuneration	*22.6*	**70,000**	105,077
Plantation expenses		**92,650**	87,035
Teachers' training expenses		**85,535**	61,327
Janitorial expenses		**79,993**	70,746
Insurance		**40,026**	62,859
Exhibition expenses		**70,797**	58,006
Festivals and other related expenses		**40,168**	62,056
Utilities		**48,950**	38,851
Healthcare expenses		**44,035**	34,270
Networking expenses		**-**	15,800
Library expenses		**-**	1,536
Scrabble competition expenses		**3,952**	9,200
Summer/Winter Camp Expense		**22,770**	-
Others		**93,207**	95,213
		32,653,721	27,193,530

22.2 **Khatoon-e-Pakistan School (KPS)**

	Note	KPS School 2019	2018
		(Rupees)	
Salaries and wages		**13,816,820**	11,244,687
Repairs and maintenance		**1,456,483**	1,318,956
Stores and materials		**131,350**	597,524
Academic course expenses		**386,686**	352,058
Security charges		**109,308**	159,732
Breakfast expenses		**408,632**	479,271
Depreciation	*6.1.3*	**606,141**	526,787
Communication		**210,106**	269,234
Printing and stationery		**368,927**	315,883
Fee and subscription expenses		**123,393**	192,188
Art activities expenses		**124,479**	122,415
Travelling and conveyance		**5,097**	16,755
Sports related expenses		**124,928**	26,015
Fumigation expenses		**650**	-
Auditors' remuneration	*22.6*	**70,000**	105,077
Plantation expenses		**194,405**	79,075
Teachers' training expenses		**3,910**	73,592
Janitorial expenses		**67,272**	58,718
Insurance		**40,026**	62,859
Exhibition expenses		**57,571**	61,189
Festivals and other related expenses		**73,238**	19,799
Utilities		**46,950**	38,851
Healthcare expenses		**6,815**	6,129
Networking expenses		**-**	2,300
Library expenses		**13,000**	14,249
Scrabble competition expenses		**500**	-
Advertisement expenses		**-**	6,100
Summer / Winter Camp Expense		**5,155**	-
Others		**135,343**	63,103
KPMG		**18,587,185**	16,212,546

22.3 Shangla Girls School (SGS)

Zindagi Trust (ZT) and Malala Fund (MF) have entered into an agreement effective August 2018. As part of the agreement, Zindagi Trust has taken charge of the management of Shangla Girls School (SGS), located Barkana, Shahpur, Shangla, KP, Pakistan. As per agreement, MF is responsible to acquire and discharges funds for SGS to ZT and ZT is the sole manager of the project. The financial agreement between both the parties is of three years.

	Note	SGS 2019	SGS 2018
Salaries expense		**8,982,840**	-
Salaries expense (KHI Staff)		**1,124,502**	-
Land ownership transfer		**3,097,600**	-
Students aid expense		**1,751,181**	-
Security guards expense		**1,141,397**	-
Students fee expense		**660,000**	-
Legal adviser fee expense		**165,000**	-
Project allowance (HO Staff)		**612,507**	-
Auditors remuneration	*22.6*	**141,500**	-
Car travelling expense (KHI Staff)		**211,272**	-
Advertising & promotion expense		**40,800**	-
Arts & craft activities expense		**86,907**	-
Bank charges expense		**60,023**	-
Building Repair & maintainence expense		**4,640**	-
Calendar celebration expense		**17,000**	-
CCTV with monitors expense		**7,000**	-
Communication plan expense		**55,265**	-
Communiy engagement events		**13,580**	-
Conference call expense		**1,200**	-
Depreciation expense	*6.1.3*	**79,090**	-
Electricity & utilities expense		**153,322**	-
Entertainment expense		**32,063**	-
EOBI ZT contribution expense (KHI Staff)		**9,100**	-
EOBI ZT Contribution expense		**157,068**	-
Equip repair & maintainence expense		**29,050**	-
General & cleaning expense		**94,080**	-
Generator fuel expense		**15,342**	-
Guest house expense		**257,665**	-
Healthcare room setup expense		**17,200**	-
Healthcare room supplies		**2,870**	-
Insurance expense (Head Office Cost)		**40,026**	-
Internet device & upkeep Exp		**7,699**	-
Internet expense		**19,710**	-
Library books expense		**35,611**	-
Miscellaneous expense		**54,105**	-
Office supplies expense (KHI)		**58,754**	-
Office supplies expense		**111,222**	-
Other Expense - Office equipment		**41,500**	-
Daily allownce expense (KHI-Staff)		**146,474**	-
Plantation expense		**13,570**	-
Postage expense		**37,032**	-
Primary school registration		**5,000**	-
Printing stationery expense (KHI)		**4,725**	-
Printing stationery expense		**5,650**	-
Repair & maintainence expense		**145,949**	-
School logo expense		**20,000**	-
School car fuel expense		**43,000**	-
School car maintainence expense		**1,775**	-
School car registration		**14,500**	-
School stationery expense		**59,955**	-
Science lab expense		**1,660**	-
Security equipment rent expense		**15,840**	-
Sports activites expense		**15,735**	-
Staff Air fare expense (KHI Staff)		**488,958**	-
Staff Lodging in Shangla (SGS KHI)		**58,504**	-
Staff training expense		**77,200**	-
Staff travelling expense		**72,170**	-
Summer / Winter Camp Expense		**16,660**	-
Traveling expense		**2,946**	-
Travel & Lodge for fellow expense		**94,415**	-
Withholding Tax Expense - Bank Transaction		**12,551**	-
		20,743,960	-

22.4 Lahore Region

	Note	Lahore Regional Office		Chungi School		Ibrahim Colony School		Nazimabad School		Peco Road School		Pindi Stop School		Shahdrah School		Walton School		Total Lahore Region	
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
		(Rupees)																	
Salaries and wages		**2,743,016**	2,147,924	**193,346**	245,944	**165,482**	218,743	**132,839**	190,067	**182,487**	238,307	**171,082**	230,048	**269,978**	317,476	**163,334**	220,379	**4,021,564**	3,808,888
Rent		**400,227**	380,664	**108,941**	98,234	**132,933**	119,892	**109,263**	98,560	**100,649**	90,768	**107,176**	96,631	**108,042**	97,428	**103,150**	93,001	**1,170,381**	1,075,178
Student fees expenses		**588,800**	585,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**588,800**	585,800
Academic course expenses		-	-	**3,502**	24,746	**3,502**	24,746	**3,502**	24,746	**3,503**	24,746	**3,503**	24,746	**3,503**	24,746	**3,503**	24,749	**24,518**	173,225
Stipend to students		-	-	**25,520**	13,670	**54,755**	29,210	**33,560**	16,730	**37,675**	20,420	**30,385**	19,285	**22,305**	18,565	**30,630**	24,580	**234,830**	142,460
Auditors' remuneration	22.6	**70,000**	105,077	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**70,000**	105,077
Utilities		**99,615**	85,037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**99,615**	85,037
Printing and stationery		-	10,916	**6,606**	8,839	**6,606**	8,839	**6,606**	8,839	**6,606**	8,839	**6,606**	8,839	**6,606**	8,839	**6,607**	8,839	**46,243**	72,789
Communication		**62,624**	57,959	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**62,624**	57,959
Travelling and conveyance		-	38,675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,675
Repairs and maintenance		**42,474**	15,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**42,474**	15,300
Festivals and other related expenses		-	-	**727**	720	**727**	720	**727**	720	**727**	720	**727**	720	**727**	720	**728**	720	**5,090**	5,040
Others		**81,730**	52,779	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**81,730**	52,779
		4,088,486	3,480,131	**338,642**	392,153	**364,005**	402,150	**286,497**	339,662	**331,647**	383,800	**319,479**	380,269	**411,161**	467,774	**307,952**	372,268	**6,447,869**	6,218,207

22.5 Rawalpindi Region

	Note	Rawalpindi Regional Office		Chah Sultan School		Dhamyal School		Dhoke Saidan School		Fauji Colony School		Naseerabad School		Themaspabad School		Total Rawalpindi Region	
		2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
		(Rupees)															
Salaries and wages		**2,763,830**	2,117,175	**142,936**	185,119	**102,400**	129,274	**123,843**	159,719	**121,321**	164,840	**114,501**	131,265	**137,670**	180,357	**3,506,501**	3,067,749
Rent		**309,126**	294,462	**90,772**	90,774	**82,947**	75,405	**59,904**	54,460	**72,027**	65,484	**91,239**	82,947	**102,085**	92,808	**808,100**	756,340
Payab Auditors' remuneration	22.6	**70,000**	105,077	-	-	-	-	-	-	-	-	-	-	-	-	**70,000**	105,077
Student fees expenses		**79,715**	104,530	-	-	-	-	-	-	-	-	-	-	-	-	**79,715**	104,530
Communication		**48,554**	51,154	-	-	-	-	-	-	-	-	-	-	-	-	**48,554**	51,154
Printing and stationery		-	7,342	**5,641**	6,934	**5,641**	6,934	**5,641**	6,934	**5,641**	6,934	**5,642**	6,934	**5,642**	6,934	**33,848**	48,946
Stipend to students		-	-	**29,185**	9,180	**4,255**	-	**8,030**	7,075	**9,910**	8,165	**15,210**	3,680	**26,290**	13,110	**92,880**	41,210
Utilities		**48,623**	36,883	-	-	-	-	-	-	-	-	-	-	-	-	**48,623**	36,883
Travelling and conveyance		-	11,250	-	-	-	-	-	-	-	-	-	-	-	-	-	11,250
Repairs and maintenance		**370**	7,250	-	-	-	-	-	-	-	-	-	-	-	-	**370**	7,250
Festivals and other related expenses		-	-	**225**	306	**225**	306	**225**	306	**225**	306	**225**	306	**225**	306	**1,350**	1,836
Academic course expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others		**42,026**	41,170	-	-	-	-	-	-	-	-	-	-	-	-	**42,026**	41,170
		3,362,244	2,776,293	**268,759**	292,313	**195,468**	211,919	**197,643**	228,494	**209,124**	245,729	**226,817**	225,132	**271,912**	293,515	**4,731,967**	4,273,395

22.6 Auditors' remuneration

	2019	2018
	(Rupees)	
Annual audit fee	**550,000**	500,000
Out of pocket expenses	**27,500**	25,384
	577,500	525,384

23. TAXATION

23.1 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.

23.2 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.

24. 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:

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

	Note	2019	2018
		(Rupees)	
Zindagi Trust USA Inc.			
Donations and zakat received	*18.1 & 19.1*	**12,924,795**	17,141,125
Zindagi Trust UK			
Donations received	*18.1*	**-**	4,194,000
Trustees			
Donations and zakat received		**300,000**	300,000
Travelling expenses		**97,100**	310,000
Key Management Personnel			
Salaries and benefits		**5,065,788**	4,264,410
Travelling expenses		**41,150**	35,443

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

25. 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.

25.1 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	2019	2018
		(Rupees)	
Security deposits	10	**552,150**	517,150
Accrued interest income		**2,768,646**	3,515,423
Prepaid expenses	11	**126,242**	142,141
Other receivables	11	**55,653**	190,469
Loans and advances to employees	11	**66,162**	131,399
Balances with bank	12	**28,343,704**	30,374,323
		31,912,557	34,870,905

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	2019 (Rupees)	2019 %	2018 (Rupees)	2018 %
Bank Al Habib Limited	PACRA	AA+	A-1+	**25,365,253**	**89.492**	28,566,175	94.047
Telenor Microfinance Bank	PACRA / VIS	A+	A-1	**308,345**	**1.088**	1,018,994	3.355
Habib Bank Limited	VIS	AAA	A-1+	**2,670,106**	**9.420**	789,154	2.598
				28,343,704	**100.000**	30,374,323	100.000

25.2 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:

	2019				
	Carrying amount	**Contractual cash flows**	**Less than six months**	**Seven to twelve months**	**More than one year**
	(Rupees)				
Non-derivative financial liabilities					
Security deposits	**3,257,479**	**(3,257,479)**	**3,257,479**	-	-
Accrued and other liabilities	**3,722,885**	**(3,722,885)**	**3,722,885**	-	-
	6,980,364	**(6,980,364)**	**6,980,364**	-	-

	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	-	-

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25.3 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.

25.3.1 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.

25.3.2 *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	**2019**	2018
Fixed rate instrument		**(Rupees)**	
National Savings Certificates	*9*	**86,000,000**	70,500,000

25.3.3 *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.

25.4 *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.

26. 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.

27. 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).

27.1 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:

	Note	Carrying amount					Fair value			
		Fair value through other comprehensive income	**Fair value through profit or loss**	**Amortized cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2019		(Rupees)					(Rupees)			
Financial assets - not measured at fair value										
Security deposits	27.1.1	-	-	552,150	-	552,150				
Investments	27.1.1	-	-	86,000,000	-	86,000,000				
Accrued interest income	27.1.1	-	-	2,768,646	-	2,768,646				
Prepaid expenses	27.1.1	-	-	126,242	-	126,242				
Loans and advances to employees	27.1.1	-	-	66,162	-	66,162				
Other receivables	27.1.1	-	-	55,653	-	55,653				
Cash and bank balances	27.1.1	-	-	28,408,264	-	28,408,264				
		-	-	117,977,117	-	117,977,117				
Financial liabilities - not measured at fair value										
Security deposits	27.1.1	-	-	-	3,257,479	3,257,479				
Accrued expenses and other liabilities	27.1.1	-	-	-	3,722,885	3,722,885				
		-	-	-	6,980,364	6,980,364				

	Note	Carrying amount					Fair value			
		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	27.1.1	517,150	-	-	-	517,150				
Investments	27.1.1	-	-	96,000,000	-	96,000,000				
Accrued interest income	27.1.1	-	-	3,515,423	-	3,515,423				
Prepaid expenses	27.1.1	-	-		-	-				
Loans and advances to employees	27.1.1	131,399	-	-	-	131,399				
Other receivables	27.1.1	190,469	-	-	-	190,469				
Cash and bank balances	27.1.1	-	30,432,993	-	-	30,432,993				
		839,018	30,432,993	99,515,423	-	130,787,434				
Financial liabilities - not measured at fair value										
Security deposits	27.1.1	-	-	-	2,326,636	2,326,636				
Accrued expenses and other liabilities	27.1.1	-	-	-	5,346,141	5,346,141				
		-	-	-	7,672,777	7,672,777				

27.1.1 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.

28. GENERAL

These financial statements were authorised for issue in the meeting of the Board of Trustees held on 16 DEC 2019

Trustee

Trustee