KPMG Taseer Hadi & Co.
Chartered Accountants

Al-Mustafa Trust

Financial Statements
For the year ended
30 June 2018

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF AL-MUSTAFA TRUST

Opinion

We have audited the financial statements of Al-Mustafa Trust (the Trust), which comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in fund account and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

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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 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Taseer Hadi & Co

Date: 08 January 2019
ISLAMABAD

KPMG TASEER HADI & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Atif Zamurrad Malik

Al-Mustafa Trust

Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees (Restated)
NON-CURRENT ASSETS			
Property and equipment	*4*	**189,916,946**	168,747,484
Advance for purchase of property	*5*	**30,000,000**	-
Investment property	*6*	**10,076,870**	4,206,870
		229,993,816	172,954,354
CURRENT ASSETS			
Stock in trade	*7*	**5,671,225**	2,097,038
Short term investments	*8*	**95,182,571**	96,290,887
Advances, deposits and other receivables	*9*	**9,522,365**	7,281,894
Cash and bank balances	*10*	**175,168,235**	202,954,095
		285,544,396	308,623,914
TOTAL ASSETS		**515,538,212**	481,578,268
ACCUMULATED SURPLUS		**401,496,521**	374,683,174
NON-CURRENT LIABILITIES			
Deferred capital grant	*11*	**102,679,274**	69,440,784
Restricted grant	*12*	**2,275,322**	15,550,744
CURRENT LIABILITIES			
Short-term loan	*13*	**4,500,000**	20,500,000
Creditors, accrued and other liabilities	*14*	**4,587,095**	1,403,566
TOTAL SURPLUS AND LIABILITIES		**515,538,212**	481,578,268
CONTINGENCIES AND COMMITMENTS	*19*		

The annexed notes 1 to 27 form an integral part of these financial statements.

CHAIRMAN **TRUSTEE**

Al-Mustafa Trust

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees
INCOME			
Receipts		**24,778,819**	14,639,823
Donations		**139,804,370**	97,869,316
Amortization of deferred capital grant		**8,255,738**	8,388,862
Transfer of restricted grant		**444,215**	354,819
Other income	*18*	**7,863,534**	19,530,870
		181,146,676	140,783,690
EXPENDITURE			
Administrative expenses	*15*	**(14,417,786)**	(11,763,887)
Operating expenses	*16*	**(137,667,577)**	(92,732,870)
Fundraising expenses	*17*	**(2,247,966)**	(2,487,939)
		(154,333,329)	(106,984,696)
SURPLUS FOR THE YEAR		**26,813,347**	33,798,994
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**26,813,347**	33,798,994

The annexed notes 1 to 27 form an integral part of these financial statements.

CHAIRMAN

TRUSTEE

Al-Mustafa Trust

Statement of Cash Flows

For the year ended 30 June 2018

	Note	30 June 2018 Rupees	30 June 2017 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		**26,813,347**	33,798,994
Adjustment for:			
Depreciation	4	**21,909,172**	18,918,028
Amortization of deferred capital grant		**(8,255,738)**	(8,388,862)
Restricted grant transferred to income	12	**(444,215)**	(354,819)
Profit on saving accounts		**(2,793,215)**	(2,483,941)
Profit on term deposit receipts		**(3,885,637)**	(3,291,693)
Profit on NIT units		**(1,599,485)**	(1,599,485)
Realized gain on held for trading invesments		-	(1,853,448)
Capital loss on listed securities		**382,536**	44,969
Unrealized loss / (gain) on remeasurment of held for trading investments		**3,662,245**	(6,775,995)
Gain on disposal of property and equipment		-	(2,644,677)
Write offs		**1,347,330**	-
		37,136,340	25,369,071
Working capital changes:			
Increase in stock in trade		**(3,574,187)**	(387,036)
(Increase) / decrease in other receivables		**(382,193)**	896,096
Increase / (decrease) in creditors, accrued and other liabilities		**2,711,887**	(456,733)
Cash (used in) / generated from operations		**(1,244,493)**	52,327
Taxes paid during the year		**(1,324,212)**	(1,868,335)
Interest received during the year		**7,239,065**	7,921,490
Net cash generated from operating activities		**41,806,700**	31,474,553
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4	**(43,470,664)**	(28,384,000)
Advance against purchase of property	5	**(30,000,000)**	-
Acquisition of investment property	6	**(5,870,000)**	-
Proceeds from disposal of property and equipment		-	2,915,000
Proceeds from maturity of investments held for trading		-	1,853,448
Investments made during the year		**(88,087,638)**	(96,000,000)
Investments encashed during the year		**84,543,819**	130,690,373
Net cash from investing activities		**(82,884,483)**	11,074,821
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of restricted grant during the year	12	**29,291,923**	24,213,760
Receipt of short-term loan		-	20,500,000
Repayment of short-term loan		**(16,000,000)**	-
Net cash generated from financing activities		**13,291,923**	44,713,760
Net (decrease) / increase in cash and cash equivalents		**(27,785,860)**	87,263,134
Cash and cash equivalents at beginning of the year		**202,954,095**	115,690,961
Cash and cash equivalents at end of the year	10	**175,168,235**	202,954,095

The annexed notes 1 to 27 form an integral part of these financial statements.

CHAIRMAN

TRUSTEE

Al-Mustafa Trust

Statement of Changes in Fund Account

For the year ended 30 June 2018

	Accumulated Surplus Rupees
Balance at 01 July 2016	340,884,180
Total comprehensive income for the year	33,798,994
Balance at 30 June 2017	374,683,174
Balance at 01 July 2017	**374,683,174**
Total comprehensive income for the year	**26,813,347**
Balance at 30 June 2018	**401,496,521**

The annexed notes 1 to 27 form an integral part of these financial statements.

CHAIRMAN

TRUSTEE

1 THE TRUST AND ITS OPERATIONS

Al-Mustafa Trust ("The Trust") is a non-profit organization and was registered in Pakistan on 26 May 1998 under the Trust Act, 1882. The primary objective of the Trust is to engage in social welfare activities by providing medical services to general public.

The Trust is currently considering submitting application for registration with the Economic Affairs Division (EAD) to comply with 'Policy for regulation of organizations receiving foreign contributions' notified by the EAD on 28 November 2013 via notification No. 1(5)INGO/05.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 ;
- Provisions of and directives issued under the Companies Act, 2017; and
- Accounting Standard for Not for profit Organisations issued by the Institute of Chartered Accountants of Pakistan.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for investments held for trading which are stated at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Trust's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest Rupee.

2.4 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Property and equipment

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

2.4.2 Provisions

A provision is recognized when, and only when the Trust has a present obligation (legal or constructive) as a result of past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

2.4.3 Impairment

The carrying amount of the Trust's assets are reviewed regularly to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is charged to statement of comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the change as indicated below:

Amendments to IAS 7 'Statement of Cash Flows' became effective during the year. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. However, there was no change in the reported amounts in statement of comprehensive income and the statement of financial position.

3.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairment loss, if any. Cost of an item of property and equipment comprises purchase price, import duties and other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation is calculated on reducing balance method at the rate varying from 10 to 30 percent of the written down values depending upon each class of property and equipment. Full year's depreciation is charged on additions during a year, while no depreciation is charged on disposals/write off during a year.

The cost of replacing a part of item of property and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of items of property and equipment are recognized in statement of comprehensive income as incurred.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment is charged to statement of comprehensive income.

3.2 Income recognition

Grants
Grants which are specific for a particular project / expense are recognized as income when the related terms and conditions are fulfilled and the Trust has no remaining performance obligation. Other grants are recognized as income upon receipt.

Profit on investments and bank deposits
Interest on bank deposits and investments is recognized on time proportion basis.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

3.4 Provisions

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

3.5 Short term investments

Investment at fair value through profit or loss - held for trading
Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking are classified as held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss. The Trust recognizes the regular way purchase or sale of investments using settlement date accounting.

Loans and receivables
Investments classified as loans and receivables are initially recognized at fair value of consideration. Subsequent to initial recognition, these are stated at amortized cost using the effective interest rate method less impairment losses, if so determined. The resultant change in values is reported directly in the statement of comprehensive income.

3.6 Short term prepayments

These are initially recognized at fair value of consideration. Subsequent to initial recognition, these are stated at amortized cost less provision for impairment, if any. Known impaired receivables are written off, while debts considered doubtful for recovery are fully provided for.

3.7 Accrued and other liabilities

Accrued liabilities are initially recognized at their fair value. Subsequent to initial recognition, these are carried at their amortized cost which approximates the fair value of consideration to be paid in the future for goods and services received.

3.8 Deferred grant

Donation received for purchase of property and equipment is recorded as deferred capital grant. This is amortized into income on a systematic basis over the periods necessary to match with carrying value of the related assets. Assets received against which no grant is received or no consideration is paid is considered as non-monetary grant and both the asset and the deferred grant is recorded at Re. 1.

3.9 Stock in trade

These are stated at cost or net realizable value, whichever is lower. Stock is valued based on the weighted average method.

3.10 Investment property

Immovable properties held by the Trust for capital appreciation are classified as Investment Property. These are stated at cost using the cost model.

3.11 Taxation

The Trust is registered as not for profit organization under section 2(36) of the Income Tax Ordinance, 2001. The Trust is eligible for tax credit under Section 100C of the Income Tax Ordinance 2001 from grants, voluntary contributions, profits on short term deposit receipts, profits on saving bank accounts, investments in the securities of the Federal Government and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities. Accordingly, provision for taxation has not been made in these financial statements.

3.12 Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Trust becomes a party to contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value and / or amortized cost respectively, whichever is applicable. The Trust derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Trust has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Impairment

Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

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 estimated cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in statement of comprehensive income.

Non-financial assets

The carrying amount of the Trust's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.15 Financial instruments

Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. on the trade date, which is the date that the Trust becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Trust transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

The Trust's non-derivative financial assets are classified as loans and receivables which comprise grant receivable, advances, deposits and cash and cash equivalents.

Grant receivable, advances, deposits and cash and cash equivalents are stated initially at the fair value, subsequent to initial recognition these are stated at their amortised cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

Non-derivative financial liabilities

The Trust initially recognises non derivative financial liabilities on the date that they are originated or the date that the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise of accrued and other liabilities.

3.16 Standards, interpretations and amendments to published approved accounting 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 2018:

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

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

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures') (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Trust's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The Trust is currently assessing the impact of the IFRIC 22 on its financial statements, if any.

- 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 amendments are not likely to have an impact on the Trust's financial statements.

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

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Management is in the process of assessing the impact of adoption of this standard on the 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 amendments are 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 preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Trust's financial statements.

  Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a 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.

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

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

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

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

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

Al-Mustafa Trust
Notes to the Financial Statements
For the year ended 30 June 2018

4 PROPERTY AND EQUIPMENT

	Capital work in progress	Land	Buildings	Vehicles	Medical Instruments	Computers	Office Equiments	Furnitue & Fixtures	Total
					Rupees				
Cost									
Balance at 01 July 2016	20,488,715	13,013,730	118,820,892	40,418,038	36,705,181	634,235	14,380,047	7,844,008	252,304,846
Additions during the year	2,831,234	-	4,876,900	7,446,500	6,153,528	-	2,799,700	4,276,138	28,384,000
Transfer during the year	(21,443,421)	-	21,443,421	-	-	-	-	-	-
Disposal during the year	-	-	-	(1,289,000)	-	-	-	-	(1,289,000)
Balance at 30 June 2017	1,876,528	13,013,730	145,141,213	46,575,538	42,858,709	634,235	17,179,747	12,120,146	279,399,846
Balance at 01 July 2017	**1,876,528**	**13,013,730**	**145,141,213**	**46,575,538**	**42,858,709**	**634,235**	**17,179,747**	**12,120,146**	**279,399,846**
Adjustment during the year (Note 4.1)	-	(91,727)	-	(5,062,391)	862,096	(516,735)	(3,491,997)	(4,613,908)	(12,914,662)
Additions during the year	4,722,893	-	350,180	4,315,632	24,839,639	787,900	7,013,916	1,440,504	43,470,664
Transfer during the year	(737,813)	-	-	-	737,813	-	-	-	-
Balance at 30 June 2018	**5,861,608**	**12,922,003**	**145,491,393**	**45,828,779**	**69,298,257**	**905,400**	**20,701,666**	**8,946,742**	**309,955,848**
Accumulated depreciation									
Balance at 01 July 2016	-	-	46,349,729	21,722,513	17,124,920	494,516	3,449,027	3,612,306	92,753,011
Depreciation charge during the year	-	-	9,879,149	4,189,728	2,573,379	41,916	1,373,071	860,785	18,918,028
Disposal during the year	-	-	-	(1,018,677)	-	-	-	-	(1,018,677)
Balance at 30 June 2017	-	-	56,228,878	24,893,564	19,698,299	536,432	4,822,098	4,473,091	110,652,362
Balance at 01 July 2017	-	-	**56,228,878**	**24,893,564**	**19,698,299**	**536,432**	**4,822,098**	**4,473,091**	**110,652,362**
Adjustment during the year (Note 4.1)	-	-	7,580	(3,373,919)	(4,281,974)	(501,182)	(1,796,382)	(2,576,755)	(12,522,632)
Depreciation charge during the year	-	-	8,925,494	4,861,826	5,388,188	261,045	1,767,593	705,026	21,909,172
Balance at 30 June 2018	-	-	**65,161,952**	**26,381,471**	**20,804,513**	**296,295**	**4,793,309**	**2,601,362**	**120,038,902**
Carrying amounts									
30 June 2017	1,876,528	13,013,730	88,912,335	21,681,974	23,160,410	97,803	12,357,649	7,647,055	168,747,484
30 June 2018	**5,861,608**	**12,922,003**	**80,329,441**	**19,447,308**	**48,493,744**	**609,105**	**15,908,357**	**6,345,380**	**189,916,946**
Rates of depreciation per annum	-	-	**10%**	**20%**	**10%**	**30%**	**10%**	**10%**	

4.1 During the year, management of the Trust performed an exercise to carry out physical verification of its operating assets and to reconcile the results with the books of account. This exercise resulted in net adjustment of Rs. 392,030, which has been written off in these financial statements.

4.2 Allocation of depreciation charge for the year

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Administrative expenses	*15*	1,245,818	1,409,956
Operating expenses	*16*	20,663,354	17,508,072
		21,909,172	18,918,028

5 ADVANCE FOR PURCHASE OF PROPERTY

This represents advance paid to Mr. Anis Ebrahim (Trustee) for purchase of three storeyed building on plot of land measuring 598.88 square yards bearing No. 6/65, situated in Block-6, PECHS Society, Karachi.

6 INVESTMENT PROPERTY

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Balance at 01 July	*6.1*	4,206,870	4,206,870
Additions during the year		5,870,000	-
Balance at 30 June	*6.2*	10,076,870	4,206,870

6.1 These represent investments made in immovable properties. The said properties are held in the name of Lt. Gen.(Retd) Ghulam Muhammad Malik as Chairman of the Trust under the affidavit dated 07 December 2005.

6.2 Fair value of investment property at the reporting date was Rs. 26.5 million.

The detail of properties are as under:

(i) Plot at Phase I, Sector E-17/3, CDECHS, Islamabad, measuring 01 Kanal.

(ii) Plot, Phase 9/10, DHA, Lahore Cantt, measuring 01 Kanal.

Investment property acquired during the year:

(iii) Plot no. 1325-C Phase 9, Town, DHA Lahore, measuring 05 Marlas.

7 STOCK IN TRADE

	30 June 2018 Rupees	30 June 2017 Rupees
Balance at 30 June	2,097,038	1,710,002
Purchases during the year	35,863,622	24,895,343
Consumption during the year	(32,289,435)	(24,508,307)
Balance at 01 July	5,671,225	2,097,038

8 SHORT TERM INVESTMENTS

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Investments at fair value through profit or loss - held for trading			
Open ended mutual funds		26,249,316	29,764,629
Shares of listed companies		2,389,436	2,536,369
Investments at amortized cost - loans and receivables			
Term deposit receipts	*8.1*	66,543,819	63,989,889
		95,182,571	96,290,887

8.1 This represents investment in term deposit receipts with banks carrying interest ranging from 4.46% to 5.56% (2017: 4.46% to 5.51%) per annum.

9	ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	30 June 2018 Rupees	30 June 2017 Rupees
	Advance income tax		7,222,233	5,898,022
	Accrued interest		1,419,888	318,285
	Prepaid rent		43,000	-
	Other receivables		498,051	1,065,587
	Advances to employees - unsecured		339,193	-
			9,522,365	7,281,894

10	CASH AND BANK BALANCES	Note	30 June 2018 Rupees	30 June 2017 Rupees
	Cash in hand		3,526,701	3,035,193
	Cash at bank:			
	In local currency:			
	- in current accounts		79,302,173	94,399,654
	- in saving accounts	*10.1*	67,740,232	81,927,113
	In foreign currency:			
	- in current accounts		20,701,003	23,327,622
	- in saving accounts	*10.2*	3,898,126	264,513
			171,641,534	199,918,902
			175,168,235	202,954,095

10.1 These carry interest at the rates ranging from 4% to 5% (2017: 2.4% to 4.69%) per annum.

10.2 These carry interest at the rates ranging from 0.04% to 0.06% (2017: 0.03% to 0.05%) per annum.

11	DEFERRED CAPITAL GRANT	Note	30 June 2018 Rupees	30 June 2017 Rupees (Restated)
	Balance at 01 July		69,440,784	67,990,949
	Cost of capital expenditure during the year	*11.1*	41,494,228	9,838,697
	Amortized during the year		(8,255,738)	(8,388,862)
	Balance at 30 June		102,679,274	69,440,784

11.1 This represents capital expenditure incurred as follows:

	30 June 2018 Rupees	30 June 2017 Rupees (Restated)
- Construction of medical center, Karachi	-	1,443,421
- Construction of rooms in medical center, Lahore	-	342,000
- Purchase of medical instruments and furniture and fixtures for medical center, Karachi	-	900,259
- Purchase of ambulances	1,266,862	6,416,000
- Advance against purchase of radiology machine	7,707,483	737,817
- Advance against purchase of property	30,000,000	-
- Construction of medical center, Mardan	2,519,883	-
	41,494,228	9,839,497

12 RESTRICTED GRANT

	Note	30 June 2018 Rupees	30 June 2017 Rupees (Restated)
Balance at 01 July		15,550,744	2,175,681
Received during the year	*12.1*	29,291,923	24,213,760
Transferred to income during the year		(444,215)	(354,819)
Transferred to deferred capital grant	*11.1*	(41,494,228)	(9,838,697)
Transferred to payable to donor	*12.2*	(628,902)	(645,181)
Balance at 30 June	*12.3*	2,275,322	15,550,744

12.1 This represents grants received for capital expenditure from the following sources:

	Note	30 June 2018 Rupees	30 June 2017 Rupees (Restated)
- The Government of Punjab	*12.1.1*	1,000,000	1,000,000
- Brother Enterperises	*12.1.2*	20,000,000	4,000,000
- Embassy of Japan	*12.1.3*	-	8,583,760
- Paradise International (Pvt.) Ltd.	*12.1.4*	2,500,000	4,000,000
- The Sufi Group	*12.1.5*	-	4,430,000
- ATCO Laboratories	*12.1.6*	3,000,000	-
- INMA	*12.1.7*	1,266,862	-
- Individuals	*12.1.8*	1,525,061	2,200,000

12.1.1 This represents amount received from the Government of Punjab for eye treatment at the Trust's Main Medical Centre.

12.1.2 This represents amount received from Brother Enterprises for construction of medical centre in Azimpur Khanbella (2017) and purchase of property no. 65-E in Mehmoodabad, Karachi.

12.1.3 This represents donation of USD 83,230 from the Embassy of Japan for construction of physiotherapy centre in medical centre, chaklala scheme III, Rawalpindi.

12.1.4 This represents receipt of Rs 2,500,000 for purchase of property no. 65-E in Mehmoodabad, Karachi and Rs. 4,000,000 for construction of medical centers in Karachi (2017).

12.1.5 This represents amount received from the Sufi Group for the purchase of ambulances for medical centre in DHA, Lahore.

12.1.6 This represents amount received for purchase of property no. 65-E in Mehmoodabad, Karachi.

12.1.7 This represents amount received for purchase of ambulances for medical center in Korangi, Karachi.

12.1.8 This represents amount received from various individuals for construction of ongoing centers.

12.2 This represents the unspent balance of funds received from the Government of Punjab for eye treatment of deserving patients.

12.3 Break up of restricted grant at year end is as follows:

	30 June 2018 Rupees	30 June 2017 Rupees (Restated)
- Brother Enterprises	476,910	4,000,000
- Embassy of Japan	639,612	7,845,943
- Paradise International (Pvt.) Ltd.	1,158,800	1,657,120
- Fauji Fertilizer Company Limited	-	2,047,681
	2,275,322	15,550,744

13 SHORT-TERM LOAN

		30 June 2018 Rupees	30 June 2017 Rupees (Restated)
Short-term loan	*13.1*	4,500,000	20,500,000

13.1 This represents interest-free short-term loan payable to Lt. Gen. (Retd.) Syed Shujat Hussain for purchase of medical equipment for DHA Lahore medical center. This loan is repayable on demand.

14 CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Creditors		21,000	-
Withholding tax payable		1,113,623	649,826
Provision for taxes not withheld	*15.1*	1,655,876	-
Accrued liabilities		1,067,694	108,559
Payable to donors	*12.2*	628,902	645,181
Others		100,000	-
		4,587,095	1,403,566

15 ADMINISTRATIVE EXPENSES

		30 June 2018 Rupees	30 June 2017 Rupees
Salaries and benefits		5,616,142	5,433,404
Printing and stationery		259,438	617,865
Vehicle running		478,607	833,747
Repair and maintenance		676,466	332,922
Office supplies		68,155	205,025
Utilities		215,027	198,114
Travelling and conveyance		557,015	247,720
Entertainment		618,435	304,596
Postage and delivery		225,122	109,118
Provision for taxes not withheld	*15.1*	1,655,876	-
Provision for penalty		100,000	-
Depreciation	*4*	1,245,818	1,409,956
Books and periodicals		201,716	153,745
Advertisement		257,917	165,875
Legal and professional fee		1,047,932	62,642
Bank charges		37,532	47,793
Miscellaneous expenses		15,466	1,641,365
Financial assistance		15,000	-
Write offs	*15.2*	1,101,122	-
Dues and subscriptions		25,000	-
		14,417,786	11,763,887

15.1 This represents provision for taxes not withheld by the Trust pursuant to tax demands issued by Income Tax Authorities. On 01 August 2018, the Trust paid Rs. 445,610 to tax authorities to settle liability in respect of tax year 2015 vide order No. 1567/2018 dated 21 June 2018 issued by Commission Inland Revenue (Appeals-III). Further, on 19 October 2018 the Trust paid Rs. 1,210,266 to tax authorities to settle liability in respect of tax year 2017 pursuant to notice u/s 161 (1A) of the Income Tax Ordinance, 2001.

15.2 This includes write off of assets no longer in use of the Trust with a net book value of Rs. 392,030.

16 OPERATING EXPENSES

	Note	30 June 2018 Rupees	30 June 2017 Rupees
Salaries and benefits		62,074,571	37,699,083
Medicines, lab and X-Ray material consumed		32,289,435	24,508,307
Printing and stationery		1,978,566	825,599
Vehicle running		2,162,370	1,345,553
Repair and maintenance		5,869,929	2,237,435
Office supplies		1,098,165	564,794
Utilities		3,242,081	1,413,232
Travelling and conveyance		1,946,626	1,065,858
Depreciation	*4*	20,663,354	17,508,072
Entertainment		535,308	1,360,993
Postage and delivery		87,065	45,880
Books and periodicals		28,000	-
Advertisement		87,300	24,591
Legal and professional fee		192,271	-
Bank charges		46,905	30,318
Miscellaneous expenses		4,086,036	2,463,155
Rent and rates		241,400	240,000
Financial assistance		739,087	1,400,000
Write offs		246,208	-
Dues and subscriptions		52,900	-
		137,667,577	92,732,870

17 FUNDRAISING EXPENSES

	30 June 2018	30 June 2017
Local travelling	743,000	545,261
Foreign travelling	719,099	651,000
Supplies	156,017	95,350
Event management	629,850	1,196,328
	2,247,966	2,487,939

18 OTHER INCOME

	30 June 2018 Rupees	30 June 2017 Rupees
Income from financial assets:		
Dividend income	62,331	118,600
Profit on saving accounts	2,793,215	2,483,941
Exchange gain	3,234,411	375,620
Profit on term deposit receipts	3,885,637	3,291,693
Profit on NIT units	1,599,485	1,599,485
Realized gain on investments held for trading	-	1,853,448
Capital loss on listed securities	(382,536)	(44,969)
Unrealized (loss) / gain on remeasurment of:		
- investments held for trading	(146,933)	168,347
- NIT units	(3,515,312)	6,607,648
Income from non-financial assets:		
Miscellaneous income	333,236	432,380
Gain on disposal of property and equipment	-	2,644,677
	7,863,534	19,530,870

19 CONTINGENCIES AND COMMITMENTS

19.1 Commitments

On 14 January 2016, the Trust was allocated a plot of land of 1 Kanal in Phase 9P, DHA, Lahore in a ballot against a purchase price Rs. 1,950,000. The plot of land will be transferred in the name of the Trust after payment of the purchase price which is payable in twelve equal quarterly installments of Rs. 162,500 beginning from 29 February 2016. The Trust's commitments in respect of this plot of land are as follows:

	30 June 2018 Rupees	30 June 2017 Rupees
Amount payable at year end	325,000	975,000

19.2 Contingencies

19.2.1 The Income Tax authorities have filed reference application to the High Court on the question of status of the Trust. Management firmly believes that the matter will be resolved in favour of the Trust.

19.2.2 RTO Rawalpindi issued notice under section 122 (5A) of Income tax ordinance, 2001 (the ordinance), in respect of tax years 2007 to 2011, to the Trust which was complied. However, Additional Commissioner Inland Revenue (Audit) RTO, Rawalpindi, imposed tax on the Trust despite the Trust's response. The Trust filed an appeal there against with Commissioner Inland Revenue Appeals (CIR Appeals), that declared the tax imposition invalid vide Order No. 1681 to 1685/2012 dated 27 June 2012. RTO Rawalpindi filed an appeal against that order with Appellate Tribunal Inland Revenue (ATIR), that in turn passed an order upholding the decision of CIR Appeals on 31 March 2015. Currently, RTO Rawalpindi has filed a reference in Lahore High Court against ATIR's decision, which is pending. Management is of the view that the reference will be decided in the Trust's favor.

19.2.3 Income tax authorities issued a hearing notice on 13 November 2017 to the Trust under Rule 44(4) of Income Tax Rules, 2002, through IRIS no. 328 requesting explanation for instances of taxes not withheld in respect of tax year 2014. The Trust duly replied on 2 October 2018 to the said notice claiming that no action was warranted since taxes were duly withheld and deposited for the said period. The total amount of tax in respect of which notice was issued amounted to Rs. 915,193. Management is of the view that the proceedings will be decided in the Trust's favor.

19.2.4 Income tax authorities issued a notice u/s 177 of the ordinance on 28 May 2018 intimating that the Trust was selected for audit under section 214D in respect of tax year 2016. 15 June 2018 was fixed as date for pre-audit conference for discussion of related issues. On 20 June 2018, the Trust submitted a reply to the notice arguing that the Trust was in full compliance with related tax provisions and requested the tax authorities to drop the Trust's selection for this audit. No further proceedings were undertaken by the tax authorities.

19.2.5 Income tax authorities issued notice u/s 177 of the ordinance on 11 May 2018 intimating that the Trust was selected for audit under section 214D in respect of tax year 2017. 18 May 2018 was fixed as date for pre-audit conference for discussion of related issues which was later changed to 26 May 2018 in a notice of reminder. The Trust submitted reply to the notice arguing that the Trust was in full compliance with related tax provisions and requested the tax authorities to drop the Trust's selection for this audit. No further proceedings were undertaken by the tax authorities.

20 FINANCIAL INSTRUMENTS

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

Credit risk
Liquidity risk
Market risk

The Board of Trustees has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Board of Trustees is also responsible for developing and monitoring the Trust's risk management policies.

The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. The Trust, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Trustees of the Trust oversees how management monitors compliance with the Trust's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust.

20.1 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. The credit risk for the Trust arises mainly from its term deposit receipts, advances, deposits and other receivables and balances maintained with bank. The Trust maintains bank balances with financial institutions of sound credit ratings. Accordingly, the Trust is not exposed to significant credit risk.

Exposure to credit risk

The carrying amount of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

	2018 Rupees	2017 Rupees
Term deposit receipts	**66,543,819**	63,989,889
Advances, deposits and other receivables	**2,300,132**	1,383,872
Bank balances	**171,641,534**	199,918,902
	240,485,485	265,292,663

20.2 Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Trust's reputation.

The maturity profile of the Trust's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Within one year	2-5 years	Over 5 years
2018			Rupees		
Financial liabilities					
Creditors	21,000	21,000	21,000	-	-
Accrued liabilities	1,067,694	1,067,694	1,067,694	-	-
Payable to donors	628,902	628,902	628,902	-	-
Short-term loan	4,500,000	4,500,000	4,500,000	-	-
	6,217,596	6,217,596	6,217,596	-	-
2017					
Financial liabilities					
Accrued liabilities	108,559	108,559	108,559	-	-
Payable to donors	645,181	645,181	645,181	-	-
Short-term loan	20,500,000	20,500,000	20,500,000	-	-
	21,253,740	21,253,740	21,253,740	-	-

20.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Trust's income or the value of its holding of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(a) Interest rate risk management; and

(b) Currency rate risk management.

(a) Interest rate risk management

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short term running finance, liabilities against assets subject to finance lease and balances in deposit and saving accounts. At the reporting date the interest rate risk profile of the Trust's interest bearing financial instruments are as follows:

	2018 Rupees	2017 Rupees
(i) Fixed rate instruments		
Financial assets		
Cash at bank	71,638,358	82,191,626
Term deposit receipts	66,543,819	63,989,889

(ii) Fair value sensitivity analysis for fixed rate instruments

The Trust does not account for any fixed rate financial assets and liabilities at fair value through profit and loss therefore a change in interest rates at the reporting date would not affect statement of comprehensive income.

(b) Currency rate risk management

(i) Exposure to currency risk

The Trust is exposed to currency rate risk on bank balances which is denominated in currency other than the functional currency of the Trust. The Trust's exposure to foreign currency risk is as follows:

	2018 Rupees	2017 Rupees
Foreign currency bank balances	**20,701,003**	23,592,135

(ii) The following significant exchange rates applied during the year:

	Average rates		Balance sheet rates	
	2018	2017	**2018**	2017
United States Dollar (USD)	**112.63**	103.77	**121.51**	103.75
Great Britain Pound (GBP)	**149.68**	139.30	**159.80**	139.56

(iii) Sensitivity analysis

A 10% strengthening of the functional currency against foreign currency at 30 June 2018 would have decreased profit or loss by Rs. 1,952,469 (2017: Rs. 2,385,912). A 10% weakening of the functional currency against foreign currencies at 30 June 2018 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

20.4 Fair value of financial assets and liabilities

(i) The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	Carrying amount				Fair Value			
Financial assets and liabilities	**Loans and receivables**	**Held at fair value through profit or loss**	**Other financial assets and liabilities at amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2018	Rupees				Rupees			
Advances, deposits and receivables	2,300,132	-	-	2,300,132	-	-	-	-
Term deposit receipts	66,543,819	-	-	66,543,819	-	-	-	-
Short term investments	-	28,638,752	-	28,638,752	28,638,752	-	-	28,638,752
Bank balances	171,641,534	-	-	171,641,534	-	-	-	-
Total financial assets	240,485,485	28,638,752	-	269,124,237	28,638,752	-	-	28,638,752
Non financial assets				246,413,975	-	-	-	-
Total assets				515,538,212	28,638,752	-	-	28,638,752
Financial liabilities								
Creditors and accrued liabilities	-	-	1,717,596	1,717,596	-	-	-	-
Short-term loan	-	-	4,500,000	4,500,000	-	-	-	-
Total financial liabilities	-	-	6,217,596	6,217,596	-	-	-	-
Non financial liabilities				103,324,095	-	-	-	-
Total liabilities				109,541,691	-	-	-	-

20.4 Fair value of financial assets and liabilities (continued)

Financial assets and liabilities	Carrying amount				Fair Value			
	Loans and receivables	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
30 June 2017	Rupees				Rupees			
Advances, deposits and receivables	1,383,872	-	-	1,383,872	-	-	-	-
Term deposit receipts	63,989,889	-	-	63,989,889	-	-	-	-
Short term investments	-	32,300,998	-	32,300,998	32,300,998	-	-	32,300,998
Bank balances	199,918,902	-	-	199,918,902	-	-	-	-
Total financial assets	265,292,663	32,300,998	-	297,593,661	32,300,998	-	-	32,300,998
Non financial assets				183,984,607	-	-	-	-
Total assets				481,578,268	32,300,998	-	-	32,300,998
Financial liabilities								
Creditors and accrued liabilities	-	-	753,740	753,740	-	-	-	-
Short-term loan	-	-	20,500,000	20,500,000	-	-	-	-
Total financial liabilities	-	-	21,253,740	21,253,740	-	-	-	-
Non financial liabilities				106,141,354	-	-	-	-
Total liabilities				127,395,094	-	-	-	-

Fair value hierarchy

The table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

20.4 Fair value of financial assets and liabilities (continued)

(ii) Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurements and / or disclosure purposes based on the following methods:

Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. Fair value of short term investments quoted at fair value is based on quoted market prices.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

21 FUNDS MANAGEMENT

The Board of Trustees of the Trust monitors the performance along with the fund required for the sustainable operations and the Trust is not subject to externally imposed fund requirements.

22 RECONCILLIATION OF MOVEMENTS OF LIABILITIES OF CASH FLOWS FROM FINANCING ACTIVITES:

	Liabilities		
	Restricted grant	**Short-term loan**	**Total**
		Rupees	
Balance at 01 July 2017	15,550,744	20,500,000	36,050,744
Changes from financing cash flows			
Receipt of restricted grant during the year	29,291,923	-	29,291,923
Repayment of short-term loan	-	(16,000,000)	(16,000,000)
Total changes from financing cash flows	**29,291,923**	**(16,000,000)**	**13,291,923**
Other Changes			
Transfers from restricted grant	(42,567,345)	-	(42,567,345)
Total liability-related other changes	**(42,567,345)**	**-**	**(42,567,345)**
Balance at 30 June 2018	2,275,322	4,500,000	6,775,322

23 RELATED PARTY TRANSACTIONS

Related parties comprise the members of the Board of Trustees, key management personnel and entities over which the Board members are able to exercise significant influence. Transactions with related parties are as follows:

	30 June 2018 Rupees	30 June 2017 Rupees
Transactions with entities by virtue of common directorship		
Al-Mustafa Charitable Trust LD - UK	**13,055,679**	9,411,500
Transactions with key management personnel		
Donations received from Chairman of the Board of trustees	**2,049,230**	-
Donations received from Vice Chairman of the Board of trustees	**2,702,000**	-
Others		
Donations received from trustees	**27,217,925**	7,432,260
Advance against purchase of property paid to trustee	**30,000,000**	-

24 REMUNERATION OF KEY MANAGEMENT PERSONNEL

All key management personnel and project directors are working on voluntary basis for the Trust.

25 COMPARATIVE FIGURES

25.1 RESTATEMENT

During the year an amount of Rs. 20,500,000 was recognized as short-term loan payable to Lt. Gen. (Retd.) Syed Shujat Hussain (refer note 13) by restating the comparative figures. Previously, this amount was recognized as restricted grant and the effect of restatement is as follows:

	As at 30 June 2017		
	As previously reported	As restated	Restatement
	Rupees		
Restricted grant	34,891,944	15,550,744	(19,341,200)
Deferred capital grant	70,599,584	69,440,784	(1,158,800)
Short-term loan	-	20,500,000	20,500,000

As the restatement had no impact on periods prior to the year ended 30 June 2017, hence the statement of financial position at the start of the earliest preceding period has not been presented.

25.2 RE-ARRANGEMENT AND RECLASSIFICATION

Management has assessed that a portion of operating expenses should be allocated to administrative expenses to give a more accurate presentation of its expenses in relation to their utilization. Accordingly, management has classified expenses related to the Head office of the Trust in administrative expenses.

26 GENERAL

Figures have been rounded to the nearest rupees.

27 DATE OF AUTHORIZATION

These financial statements were approved by the Board of Trustees on 29 Dec 2018.

CHAIRMAN **TRUSTEE**