



KPMG Taseer Hadi & Co.  
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## **INDEPENDENT AUDITORS' REPORT TO THE COUNCIL 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 2019, and 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 2019, and of its financial performance and its cash flows for the year then ended in accordance with approved 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 Council of Trustees is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Council 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 Council of Trustees is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of



## KPMG Taseer Hadi & Co.

accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt 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



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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.

A handwritten signature in black ink, appearing to read 'Atif Zamurrad Malik', written over a horizontal line.

**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**17 March 2020**  
**Islamabad**  
**Engagement Partner: Atif Zamurrad Malik**



KPMG Taseer Hadi & Co.  
Chartered Accountants

# Al-Mustafa Trust

## Financial Statements

For the year ended  
30 June 2019

Al-Mustafa Trust  
Statement of Financial Position  
As at 30 June 2019

	Note	30 June 2019 Rupees	30 June 2018 Rupees
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	231,524,354	189,916,946
Advance against purchase of property and equipment	5	1,000,200	30,000,000
Investment property	6	12,026,870	10,076,870
		244,551,424	229,993,816
<b>CURRENT ASSETS</b>			
Stock in trade	7	9,569,382	5,671,225
Short term investments	8	69,497,845	96,602,459
Advances, deposits and other receivables	9	6,439,152	8,102,477
Cash and bank balances	10	211,797,581	175,168,235
		297,303,960	285,544,396
<b>TOTAL ASSETS</b>		<b>541,855,384</b>	<b>515,538,212</b>
<b>ACCUMULATED SURPLUS</b>		<b>424,616,915</b>	<b>401,496,521</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred capital grant	11	99,366,558	102,679,274
Restricted grant	12	1,388,594	2,275,322
<b>CURRENT LIABILITIES</b>			
Short-term loan	13	4,500,000	4,500,000
Creditors, accrued and other liabilities	14	11,983,317	4,587,095
<b>TOTAL SURPLUS AND LIABILITIES</b>		<b>541,855,384</b>	<b>515,538,212</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20		

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 2019

	Note	30 June 2019 Rupees	30 June 2018 Rupees
<b>INCOME</b>			
Receipts	15	41,684,320	24,778,819
Donations		173,336,106	139,804,370
Amortization of deferred capital grant		9,153,547	8,255,738
Transfer of restricted grant		1,187,547	444,215
Other income	19	17,540,909	7,863,534
		<u>242,902,429</u>	<u>181,146,676</u>
<b>EXPENDITURE</b>			
Administrative expenses	16	(16,918,960)	(14,417,786)
Operating expenses	17	(198,830,758)	(137,667,577)
Fundraising expenses	18	(4,032,317)	(2,247,966)
		<u>(219,782,035)</u>	<u>(154,333,329)</u>
<b>SURPLUS FOR THE YEAR</b>		<u>23,120,394</u>	<u>26,813,347</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u><u>23,120,394</u></u>	<u><u>26,813,347</u></u>

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

  
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CHAIRMAN

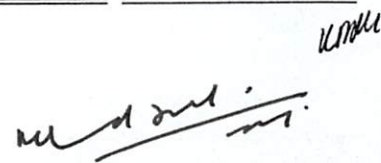
  
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TRUSTEE

Al-Mustafa Trust  
Statement of Cash Flows  
For the year ended 30 June 2019

	Note	30 June 2019 Rupees	30 June 2018 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus for the year		23,120,394	26,813,347
<i>Adjustment for:</i>			
Depreciation	4.3	23,874,073	21,909,172
Amortization of deferred capital grant		(9,153,547)	(8,255,738)
Restricted grant transferred to income		(1,187,547)	(444,215)
Profit on saving accounts		(3,504,726)	(2,793,215)
Profit on term deposit receipts		(3,377,895)	(3,885,637)
Exchange gain		(16,658,164)	(3,234,411)
Unrealized loss on investment measured at FVTPL		7,541,100	3,662,245
Write offs		3,668,064	130,381
		<u>24,321,752</u>	<u>33,901,928</u>
<i>Working capital changes:</i>			
(Increase) in stock in trade		(3,898,157)	(3,574,187)
(Increase) in advances, deposits and other receivables		(1,080,128)	(382,193)
Increase in creditors, accrued and other liabilities		7,396,222	2,711,887
		<u>2,417,937</u>	<u>(1,244,493)</u>
<b>Cash generated from operations</b>		<b>26,739,689</b>	<b>32,657,435</b>
Taxes paid during the year		(943,225)	(1,324,212)
Interest received during the year		6,525,082	7,239,065
Change in deferred capital grant		5,840,831	-
Change in restricted grant		(6,704,252)	-
<b>Net cash generated from operating activities</b>		<b>31,458,125</b>	<b>38,572,288</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(37,431,481)	(49,340,664)
Advance against purchase of property and equipment		(1,002,000)	(30,000,000)
Investments made during the year		(138,841,912)	(88,087,638)
Investments encashed during the year		158,783,379	84,543,819
<b>Net cash generated from investing activities</b>		<b>(18,492,014)</b>	<b>(82,884,483)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipt of restricted grant during the year		7,005,071	29,291,923
Repayment of short-term loan		-	(16,000,000)
<b>Net cash generated from financing activities</b>		<b>7,005,071</b>	<b>13,291,923</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>19,971,182</b>	<b>(31,020,271)</b>
Cash and cash equivalents at beginning of the year		175,168,235	202,954,095
Effect of movement in exchange rates on cash held		16,658,164	3,234,411
<b>Cash and cash equivalents at end of the year</b>	10	<b><u>211,797,581</u></b>	<b><u>175,168,235</u></b>

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 2019

	<b>Accumulated Surplus Rupees</b>
Balance at 01 July 2017	374,683,174
Total comprehensive income for the year	<u>26,813,347</u>
Balance at 30 June 2018	<u><u>401,496,521</u></u>
<b>Balance at 01 July 2018</b>	<b>401,496,521</b>
<b>Total comprehensive income for the year</b>	<b><u>23,120,394</u></b>
<b>Balance at 30 June 2019</b>	<b><u><u>424,616,915</u></u></b>

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

  
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CHAIRMAN

  
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# Al-Mustafa Trust

## Notes to the Financial Statements

For the year ended 30 June 2019

### 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. Registered office of the Trust is at Al-Mustafa Trust Main Medical Center, Street 14, Mini Market, Chaklala Scheme 3, Rawalpindi Cantt. The primary objective of the Trust is to engage in social welfare activities by providing medical services to general public.

The Trust's application for registration with the Economic Affairs Division (EAD) in compliance with 'Policy for regulation of organizations receiving foreign contributions' notified by the EAD on 28 November 2013 via notification No. 1(5)INGO/05 is under process with EAD.

### 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 approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan; and
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by Institute of Chartered Accountants of Pakistan

Where provisions of the IFRS differ with the Accounting Standard for NPOs, the provisions of IFRS shall prevail.

#### 2.2 Basis of Measurement

These financial statements have been prepared under historical cost convention except for investments measured at fair value through profit or loss 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 judgments and estimates

In preparing these financial statements, management has made judgments and estimates that affect the application of the Trust's accounting policies and the reported amounts of assets, liabilities, income and expenses.

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**Al-Mustafa Trust**  
**Notes to the Financial Statements**  
*For the year ended 30 June 2019*

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 the 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 prospectively.

The matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

**(i) Property, plant and equipment**

The Trust reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment, on an annual basis. Any change in the estimates in the future might affect the carrying amount of the respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

**(ii) Provision and contingencies**

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 balance sheet 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.

**(iii) Impairment of financial and non-financial assets**

The carrying amounts of the Trust's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. Any change in estimates in future years might affect the carrying amounts of the respective assets with a corresponding effect on the impairment.

**(iv) Measurement of fair values**

A number of the Trust's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support its conclusion that these valuations



# Al-Mustafa Trust

## Notes to the Financial Statements

For the year ended 30 June 2019

meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring fair value of an asset or a liability, the Trust uses observable and available market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows

- |          |  |
|----------|--|
| Level 1: | quoted prices (unadjusted) in active markets for identical assets or liabilities.  |
| Level 2: | inputs other than quoted prices included in Level 1, which are observable and available 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 and available market data (unobservable inputs).  |

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement. The Trust recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 2.5 Standards, interpretations and amendments to 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 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 amendments are 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. At present, the Trust is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Trust.

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# Al-Mustafa Trust

## Notes to the Financial Statements

For the year ended 30 June 2019

- 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 preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Trust's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Trust now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Trust's financial statements.
- 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.

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# Al-Mustafa Trust

## Notes to the Financial Statements

For the year ended 30 June 2019

- 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 approved accounting 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 recognized 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 01 January 2019 and are not likely to have an impact on Trust's financial statements.

### 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 changes as indicated below:

#### **IFRS 15 'Revenue from Contracts with Customers'**

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services. The standard also requires revenue

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# Al-Mustafa Trust

## Notes to the Financial Statements

For the year ended 30 June 2019

from customers to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Trust has adopted IFRS 15 'Revenue from Contracts with Customers' with a date of initial application of 01 July 2018. The change in accounting policy as a result of application of IFRS 15 has been applied retrospectively, however, reclassification of comparative figures in the income and expenditure account was not required.

There was no significant impact on the comparative figures presented in the statement of financial position, statement of comprehensive income, statement of changes in fund account and statement of cash flows. Further, the change in accounting policy has no impact on the reported amount of accumulated surplus as at 01 July 2018. Relevant accounting policy notes on adoption of the new standard have been explained in note 3.10.

The Trust has reviewed its income streams i.e. restricted grant, receipts and donations, and as a result of this review, it was noted that only receipt income and income from restricted grant meets revenue recognition criteria of this IFRS. Further, the adoption of this IFRS did not have a material impact on the Trust's statement of comprehensive income and statement of financial position. However, the Trust has expanded the disclosures in the notes to its financial statements as prescribed by IFRS 15 'Revenue from Contracts with Customers', including disclosing the Trust's disaggregated receipt income in note 15.1.

### **'IFRS 9 'Financial Instruments'**

The Trust has adopted IFRS 9 'Financial Instruments' with a date of initial application of 01 July 2018. IFRS 9 replaced IAS 39 'Financial Instruments – Recognition and Measurement' and includes the requirements on the classification and measurement of financial assets and liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model. The Securities and Exchange Commission of Pakistan vide its notification dated 02 September 2019 has deferred the application of expected credit loss model on financial assets due from the Government of Pakistan which continues to be accounted for under the previously applicable requirements of IAS 39 'Financial Instruments: Recognition and Measurement' till 30 June 2021. The Trust has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'. Further, effective 01 July 2018, the Trust implemented expected credit loss impairment model for financial assets. For trade debts, the calculation methodology has been updated to consider expected losses based on ageing profile and forward looking estimates such as economic profiling related to trade debts. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

As a result of the adoption of IFRS 9, the Trust has adopted consequential amendments to IAS 1 'Presentation of Financial Statements', which require allowance for expected credit losses to be presented in a separate line item in the statement of comprehensive income. Previously, the Trust's approach was to include the impairment of financial assets in administrative expenses.

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Al-Mustafa Trust  
Notes to the Financial Statements  
For the year ended 30 June 2019

Additionally, the Trust has adopted consequential amendments to IFRS 7 Financial Instruments as well.

***Classification and measurement of financial assets and financial liabilities***

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVTOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The Trust has changed its accounting policy for classification and measurement of its financial instruments and as a result financial assets previously classified as 'loans and receivables' are now classified as 'amortized cost' while financial liabilities previously classified as 'other financial liabilities' are now classified as 'amortized cost'. For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, refer note 3.11.

The effect on adopting IFRS 9 on the classification of financial assets and liabilities is as follows:

**a) Accrued interest**

Owing to the presentational changes been made upon transition to IFRS 9 'Financial Instruments' from IAS 39 'Financial Instruments: recognition and measurement', accrued interest has been represented as "short-term investments".

***Impairment of financial assets***

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

**3.1 Property, plant and equipment**

**(i) Operating fixed assets**

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

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**Al-Mustafa Trust**  
**Notes to the Financial Statements**  
*For the year ended 30 June 2019*

operating in the manner intended by the management. Donated items of property and equipment are stated at nominal value of Re.1.

Depreciation is calculated on reducing balance method at rates 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.

**(ii) Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets, in the course of their construction and installation.

**3.2 Investment properties**

Investment properties are measured initially at cost. Subsequent investments are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to the income and expenditure account applying the reducing balance method, whereby the cost of an asset less its residual value, if not insignificant, is written-off over its estimated useful life.

Investment property is de-recognized when it has either been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognized in the income and expenditure account in the year of retirement or disposal.

**3.3 Stock-in-trade**

These are valued at the lower of cost or net realizable value. Management applies weighted average cost method for stock-in-trade cost valuation.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs necessary to be incurred to make the sale. A provision is made for slow moving and expired stock, where necessary.

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# Al-Mustafa Trust

## Notes to the Financial Statements

For the year ended 30 June 2019

### **3.4 Short-term loans, advances, prepayments and other receivables**

These are stated at cost as reduced by appropriate provisions for impairment, if any. Known impaired loans, receivables and advances are written-off, while loans, receivables and advances considered doubtful of recovery are fully provided for.

### **3.5 Cash and cash equivalents**

These are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks and highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition, net of outstanding bank overdrafts.

### **3.6 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Trust.

### **3.7 Provisions**

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

### **3.8 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 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.

### **3.9 Foreign currency transactions**

These financial statements are presented in Pak Rupees, which is the Trust's functional and presentation currency. Foreign currency transactions during the year, are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange, which approximate those prevailing on the reporting date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are

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translated using the exchange rates existing as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value was determined.

**3.10 Income recognition**

**(a) Grants**

**(i) Capital grants**

Grants received for fixed assets are initially recorded as capital grants in the statement of financial position. Subsequently, these are recognized as income on a systematic basis over periods necessary to match them with the carrying value of the related assets.

**(ii) Restricted grants**

Grants, of a non-capital nature, received for specific purposes, and any bank interest earned on them, are classified as restricted grants. Such grants are transferred to income to the extent of actual expenditure incurred against them which approximately corresponds to the satisfaction of related performance obligations. Expenditure incurred against grants committed but not received, is accrued and recognized in income and is reflected as a grant receivable. Unspent portions of such grants, representing unsatisfied performance obligations, are reflected as restricted grants in the statement of financial position. Refer note 12 for nature of activities undertaken from restricted funds and related balances at the reporting date.

**(iii) Unrestricted grants and zakat**

Grants received from donors without any conditions and zakat are recognized as unrestricted grants in income in the period of receipt.

**(iv) Grants in kind**

Non-monetary grants, such as land or other resources, and related assets are accounted for at a nominal value of Re. 1.

**(b) Receipts**

The Trust operates medical centers to provide health services to patients. Receipts mainly comprise income earned at pre-determined rates from registration fees, medical tests and medical treatment in dental care, eye care and physiotherapy.

Receipts income is recognized when medical services are delivered to patients at an amount that reflects the consideration to which the Trust expects to be entitled in exchange for the services delivered. The consideration is based on pre-determined rates.

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## Notes to the Financial Statements

For the year ended 30 June 2019

Receipts income is recognized over period of time since the patients receive and consume the benefits provided by the Trust's performance of medical services. Payments against receipt income are collected in advance from patients. The Trust uses 'output method', which looks at the measure of progress of the benefit being transferred to the patient. The 'output method' uses direct measurement of value to the customer of the goods or services transferred to date. This includes using the appraisal of results achieved, milestones reached or units produced or delivered. Management applied this method to measure progress of service delivery to patients by identifying the number of days in which medical treatment has been delivered against total duration of the days required for the medical treatment.

Historically, the Trust only delivers medical treatment to patients of such nature that the duration of the medical treatment does not extend beyond the period of one day, since there are no facilities available for admittance of patients.

### *Transaction price allocated to remaining performance obligations*

The Trust applies the practical expedient as per paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

- (c) Dividend income is recognized when the right to receive the dividend is established.
- (d) Profit on bank deposit is recognized using the effective interest rate method.
- (e) Other Income is recognized when the right to receive is established.

### **3.11 Financial instruments**

#### **3.11.1 Financial assets**

##### **Classification**

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

##### **a) Amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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For the year ended 30 June 2019

**b) Fair value through other comprehensive income (FVOCI)**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Fair value through profit or loss (FVTPL)**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

**Subsequent measurement**

**Financial assets at amortised cost**

Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income and expenditure account. Any gain or loss on de-recognition is recognized in income and expenditure account.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in income and expenditure account. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to income and expenditure account.

**Financial assets at FVTPL**

Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in income and expenditure account.

**Equity investment at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in income and expenditure account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to income and expenditure account.

**De-recognition**

The Trust derecognizes 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 derecognized financial assets that is created or retained by the Trust is recognized as a separate asset or liability.

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## Notes to the Financial Statements

For the year ended 30 June 2019

### 3.11.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in surplus or deficit. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of comprehensive income. Any gain or loss on de-recognition is also included in surplus or deficit.

The Trust derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of comprehensive income for the period in which it arises.

### 3.11.3 Offsetting

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

### 3.11.4 Financial instruments – accounting policy applied before 01 July 2018

The Trust classified financial assets into the following categories:

- (a) financial assets at fair value through profit or loss (FVTPL); and
- (b) loans and receivables

Subsequent to initial recognition, financial assets at FVTPL were measured at fair value and changes therein including interest or dividend income were recognized in statement of comprehensive income. Loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial liabilities were initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost and are classified into other financial liabilities category.

### 3.12 Impairment

#### Financial assets

The Trust recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost, other than those due from the Government of Pakistan entities. For trade receivables, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Trust has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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## Notes to the Financial Statements

For the year ended 30 June 2019

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

At each reporting date, the Trust assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

### **Impairment of financial assets – accounting policy applied before 01 July 2018**

A financial asset other than held for trading and carried at fair value was assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. All impairment losses are recognized in statement of comprehensive income. An impairment loss is reversed in the statement of comprehensive income if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

### **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 loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. 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 assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets 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 groups of assets (the "cash-generating unit"). An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of comprehensive income. Impairment losses in respect of cash-generating units are allocated to the carrying amounts of assets in the cash-generating unit group on pro-rata basis. An impairment loss is reversed only to the extent that the asset 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.

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## Notes to the Financial Statements

For the year ended 30 June 2019

### 3.13 Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Trust has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Trust's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Trust measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Trust uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Trust determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in statement of comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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Notes to the Financial Statements

For the year ended 30 June 2019

4 PROPERTY AND EQUIPMENT

	Capital work in progress	Land (Note 4.1)	Buildings	Vehicles	Medical Instruments	Computers	Office Equipments	Furniture and Fixtures	Total
Rupees									
<b>Cost</b>									
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 4.2)	-	(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	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>5,861,608</b>	<b>12,922,003</b>	<b>145,491,393</b>	<b>45,828,779</b>	<b>69,298,257</b>	<b>905,400</b>	<b>20,701,666</b>	<b>8,946,742</b>	<b>309,955,848</b>
<b>Balance at 01 July 2018</b>	<b>5,861,608</b>	<b>12,922,003</b>	<b>145,491,393</b>	<b>45,828,779</b>	<b>69,298,257</b>	<b>905,400</b>	<b>20,701,666</b>	<b>8,946,742</b>	<b>309,955,848</b>
Additions during the year (Note 5.1)	10,643,400	15,845,009	15,629,962	162,240	14,301,774	1,586,964	8,371,440	890,692	67,431,481
Transfer to operating assets	(2,663,329)	-	2,499,614	-	163,715	-	-	-	-
Transfer to investment property	(1,950,000)	-	-	-	-	-	-	-	(1,950,000)
<b>Balance at 30 June 2019</b>	<b>11,891,679</b>	<b>28,767,012</b>	<b>163,620,969</b>	<b>45,991,019</b>	<b>83,763,746</b>	<b>2,492,364</b>	<b>29,073,106</b>	<b>9,837,434</b>	<b>375,437,329</b>
<b>Accumulated depreciation</b>									
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 4.2)	-	-	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
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>65,161,952</b>	<b>26,381,471</b>	<b>20,804,513</b>	<b>296,295</b>	<b>4,793,309</b>	<b>2,601,362</b>	<b>120,038,902</b>
<b>Balance at 01 July 2018</b>	<b>-</b>	<b>-</b>	<b>65,161,952</b>	<b>26,381,471</b>	<b>20,804,513</b>	<b>296,295</b>	<b>4,793,309</b>	<b>2,601,362</b>	<b>120,038,902</b>
Depreciation charge during the year	-	-	9,845,902	3,921,909	6,295,919	658,821	2,427,977	723,545	23,874,073
<b>Balance at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>75,007,854</b>	<b>30,303,380</b>	<b>27,100,432</b>	<b>955,116</b>	<b>7,221,286</b>	<b>3,324,907</b>	<b>143,912,975</b>
<b>Carrying amounts</b>									
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
<b>30 June 2019</b>	<b>11,891,679</b>	<b>28,767,012</b>	<b>88,613,115</b>	<b>15,687,639</b>	<b>56,663,314</b>	<b>1,537,248</b>	<b>21,851,820</b>	<b>6,512,527</b>	<b>231,524,354</b>
<b>Rates of depreciation per annum</b>	<b>-</b>	<b>-</b>	<b>10%</b>	<b>20%</b>	<b>10%</b>	<b>30%</b>	<b>10%</b>	<b>10%</b>	

4.1 During the year, the Trust received donated property and equipment recognized at a nominal value of Re. 1, intended to be used for construction and running of medical centers/dispensaries:

- Plot No. 116 of 1 kanal, Block Nishat, Chinar Bagh, The Greater Lahore Cooperative Society Limited, Lahore;
- Plot No. 034 of 1 kanal, Sector C, Phase 1, Statelife Town, Statelife Employees Cooperative Society Limited, Lahore;
- Plot of 1 kanal and 10 marlas, Chak No.41/10-R, Tehsil and District Khanewal;
- Plot of 10 marlas, Village Rehra, Bagh, Azad Jammu and Kashmir;
- Dispensary of 11 marlas, Hafeez Ahmed Center, E-222-A, St. 7, Al-Noor Town, Walton Road, Lahore Cantt; and
- Plot AK-89 of 160 square yards, Sector 6-B, Mehran Town, Mehran Town, Korangi, Karachi.



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4.2 In previous 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 was written off in the financial statements.

4.3 Allocation of depreciation charge for the year	Note	30 June 2019 Rupees	30 June 2018 Rupees
Administrative expenses	16	1,461,020	1,245,818
Operating expenses	17	22,413,053	20,663,354
		<u>23,874,073</u>	<u>21,909,172</u>

5 ADVANCE AGAINST PURCHASE OF PROPERTY AND EQUIPMENT

	Note	30 June 2019 Rupees	30 June 2018 Rupees
Balance as at 01 July		30,000,000	-
Advances paid during the year		1,000,200	30,000,000
Adjustment during the year	5.1	(30,000,000)	-
Balance as at 30 June		<u>1,000,200</u>	<u>30,000,000</u>

5.1 During the year, the Trust adjusted 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 as the land and building were transferred in name of the Trust. Based on independent valuation of the purchased land and property, Rs. 15 million were transferred to Land and Rs. 15 million were transferred to Building.

6 INVESTMENT PROPERTY	Note	30 June 2019 Rupees	30 June 2018 Rupees
Balance at 01 July		10,076,870	4,206,870
Additions during the year		1,950,000	5,870,000
Balance at 30 June	6.1	<u>12,026,870</u>	<u>10,076,870</u>

6.1 Fair value of investment property at the reporting date was Rs. 50.8 million. (2018: Rs. 30.3 million)

The detail of properties are as under:

- Plot no. 10, Street no. 12, Phase I, Sector E-17/3, CDECHS, Islamabad, measuring 500 Sq yds.
- Plot no. 1400, Block D, Phase 9P, DHA Lahore, measuring 01 Kanal
- Plot no. 1325-C Phase 9P, Town, DHA Lahore, measuring 05 Marlas.
- Plot no. 206, Street no. A-7/2, Phase-1, Kashmir Model Town, Jammu & Kashmir Housing Society, Chakri Road, Rawalpindi measuring 600 Sq yds.
- Commerical Plaza on Plot no. 62, Loop Road, Bharia Town Phase VII, Rawalpindi measuring 1200 Sq ft.

7 STOCK IN TRADE		30 June 2019 Rupees	30 June 2018 Rupees
Balance as at 01 July		5,671,225	2,097,038
Purchases during the year		63,793,930	35,863,622
Consumption during the year		(59,895,773)	(32,289,435)
Balance as at 30 June		<u>9,569,382</u>	<u>5,671,225</u>

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8	<b>SHORT TERM INVESTMENTS</b>	<i>Note</i>	<b>30 June 2019</b> Rupees	<b>30 June 2018</b> Rupees
	<b>Investments at fair value through profit or loss</b>			
	Open ended mutual funds		19,335,990	26,249,316
	Shares of listed companies		1,761,662	2,389,436
	<b>Investments at amortized cost</b>			
	Term deposit receipts	8.1	<u>48,400,193</u>	<u>67,963,707</u>
			<u><b>69,497,845</b></u>	<u><b>96,602,459</b></u>
8.1	This represents investment in term deposit receipts with banks carrying interest ranging from 5.38% to 9.16% (2018: 4.46% to 5.56%) per annum.			
9	<b>ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>		<b>30 June 2019</b> Rupees	<b>30 June 2018</b> Rupees
	Advance income tax		4,135,771	7,222,233
	Accrued interest		343,009	-
	Prepaid rent		-	43,000
	Other receivables		1,795,919	498,051
	Advances to employees - unsecured		164,453	339,193
			<u><b>6,439,152</b></u>	<u><b>8,102,477</b></u>
10	<b>CASH AND BANK BALANCES</b>	<i>Note</i>		
	Cash in hand		2,528,572	3,526,701
	<b>Cash at bank:</b>			
	In local currency:			
	- in current accounts		26,643,116	79,302,173
	- in saving accounts	10.1	85,291,060	67,740,232
	In foreign currency:			
	- in current accounts		95,748,174	20,701,003
	- in saving accounts	10.2	1,586,659	3,898,126
			<u>209,269,009</u>	<u>171,641,534</u>
			<u><b>211,797,581</b></u>	<u><b>175,168,235</b></u>
10.1	These carry interest at the rates ranging from 6% to 7% (2018: 4% to 5%) per annum.			
10.2	These carry interest at the rates ranging from 0.03% to 0.04% (2018: 0.04% to 0.06%) per annum.			
11	<b>DEFERRED CAPITAL GRANT</b>	<i>Note</i>	<b>30 June 2019</b> Rupees	<b>30 June 2018</b> Rupees
	Balance at 01 July		102,679,274	69,440,784
	Cost of capital expenditure during the year	11.1	5,840,831	41,494,228
	Amortized during the year		(9,153,547)	(8,255,738)
	Balance at 30 June		<u><b>99,366,558</b></u>	<u><b>102,679,274</b></u>

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11.1 This represents capital expenditure incurred as follows:

	30 June 2019 Rupees	30 June 2018 Rupees
- Purchase of medical instruments	4,178,000	-
- Purchase of ambulances	-	1,266,862
- Advance against purchase of radiology machine	-	7,707,483
- Advance against purchase of property	-	30,000,000
- Construction of medical center, Mardan	1,662,831	2,519,883
	<u>5,840,831</u>	<u>41,494,228</u>

12 RESTRICTED GRANT

Note

Balance at 01 July		2,275,322	15,550,744
Received during the year	12.1	7,005,071	29,291,923
Transferred to income during the year		(1,187,547)	(444,215)
Transferred to deferred capital grant	11.1	(5,840,831)	(41,494,228)
Transferred to payable to donor	12.2	(863,421)	(628,902)
Balance at 30 June	12.3	<u>1,388,594</u>	<u>2,275,322</u>

12.1 This represents grants received from the following sources:

	Note	30 June 2019 Rupees	30 June 2018 Rupees
- The Government of Punjab	12.1.1	1,000,000	1,000,000
- Brother Enterprises	12.1.2	65,762	20,000,000
- Pakistan Bait-ul-Mal	12.1.3	4,215,500	-
- Paradise International (Pvt.) Ltd.	12.1.4	-	2,500,000
- Exchange gain on payable to donor	12.1.5	223,809	-
- ATCO Laboratories	12.1.6	-	3,000,000
- INMA	12.1.7	-	1,266,862
- Individuals	12.1.8	1,500,000	1,525,061
		<u>7,005,071</u>	<u>29,291,923</u>

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

12.1.2 This represents amount received from Brother Enterprises for construction of medical centre in Babini Mardan.

12.1.3 This represents donation received from Pakistan Bait-ul-Mal for purchase of medical equipment for Korangi Medical Center, Karachi.

12.1.4 This represents receipt of Rs 2,500,000 from Paradise International (Pvt.) Ltd. for construction of medical center building in Mehmoodabad, Karachi.

12.1.5 This represents exchange gain on remaining project balance payable to Embassy of Japan.

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 centers and financing operating costs of medical dispensary in Lahore.

12.2 This represents amount transferred to payable to donor in respect of funds paid by Embassy of Japan (2018: Government of Punjab)

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12.3 Break up of restricted grant at year end is as follows:	30 June 2019 Rupees	30 June 2018 Rupees
- Brother Enterprises	-	476,910
- Embassy of Japan	-	639,612
- Qilla Gujar Singh Center	1,250,923	-
- The Government of Punjab	137,671	-
- Paradise International	-	1,158,800
	<u>1,388,594</u>	<u>2,275,322</u>

13 SHORT-TERM LOAN	30 June 2019 Rupees	30 June 2018 Rupees
Short-term loan <span style="float: right;">13.1</span>	4,500,000	4,500,000

13.1 This represents payable to Lt. Gen. (Retd.) Syed Shujat Hussain on account of short-term loan received for purchase of medical equipment for DHA Lahore medical center. Subsequently, the amount has been paid by the Trust on 6 December 2019.

14 CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	30 June 2019 Rupees	30 June 2018 Rupees
Creditors		7,519,975	21,000
Withholding tax payable		810,706	1,113,623
Provision for taxes not withheld	16.1	-	1,655,876
Accrued liabilities		2,452,736	1,067,694
Payable to donors	12.2	863,421	628,902
Others		336,479	100,000
		<u>11,983,317</u>	<u>4,587,095</u>

15 RECEIPTS

The Trust operates medical centers to provide health services to patients. Receipts mainly comprise income earned at pre-determined rates from registration fees, medical tests and medical treatment in dental care, eye care and physiotherapy.

15.1 Disaggregation of receipts income in respect of regions:	30 June 2019 Rupees	30 June 2018 Rupees
Central region	12,016,151	4,408,443
North region	19,143,005	14,954,902
South region	10,525,164	5,415,474
	<u>41,684,320</u>	<u>24,778,819</u>

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16	ADMINISTRATIVE EXPENSES		30 June 2019 Rupees	30 June 2018 Rupees
	Salaries and benefits		7,430,466	5,616,142
	Printing and stationery		461,063	259,438
	Vehicle running		633,982	478,607
	Repair and maintenance		599,308	676,466
	Office supplies		189,309	68,155
	Utilities		251,757	215,027
	Travelling and conveyance		347,834	557,015
	Entertainment		435,673	618,435
	Postage and delivery		132,153	225,122
	Provision for taxes not withheld	16.1	-	1,655,876
	Penalty		-	100,000
	Depreciation	4.3	1,461,020	1,245,818
	Books and periodicals		35,952	201,716
	Advertisement		511,596	257,917
	Legal and professional fee		513,125	1,047,932
	Bank charges		30,033	37,532
	Miscellaneous expenses		54,782	15,466
	Financial assistance		150,600	15,000
	Write offs	16.2	3,668,064	1,101,122
	Dues and subscriptions		12,243	25,000
			<u>16,918,960</u>	<u>14,417,786</u>

16.1 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 notice u/s 161 (1A) of the Income Tax Ordinance, 2001.

16.2 This mainly represents amounts written off against advance taxes deducted at source from profit on investments and bank deposits in tax years 2016 and before.

17	OPERATING EXPENSES		30 June 2019 Rupees	30 June 2018 Rupees
	Salaries and benefits		86,296,115	62,074,571
	Medicines, lab and X-Ray material consumed		59,895,773	32,289,435
	Printing and stationery		2,522,419	1,978,566
	Vehicle running		3,879,993	2,162,370
	Repair and maintenance		7,831,987	5,869,929
	Office supplies		1,671,885	1,098,165
	Utilities		7,292,854	3,242,081
	Travelling and conveyance		765,836	1,946,626
	Depreciation	4.3	22,413,053	20,663,354
	Entertainment		976,995	535,308
	Postage and delivery		108,086	87,065
	Books and periodicals		-	28,000
	Advertisement		313,411	87,300
	Legal and professional fee		93,060	192,271
	Bank charges		56,500	46,905
	Miscellaneous expenses		906,322	4,086,036
	Rent and rates		348,600	241,400
	Financial assistance		3,047,869	739,087
	Write offs		-	246,208
	Dues and subscriptions		410,000	52,900
			<u>198,830,758</u>	<u>137,667,577</u>

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	30 June 2019	30 June 2018
	Rupees	Rupees
<b>18 FUNDRAISING EXPENSES</b>		
Local travelling	243,155	743,000
Foreign travelling	1,365,501	719,099
Supplies	643,759	156,017
Event management	1,779,902	629,850
	<u>4,032,317</u>	<u>2,247,966</u>
<b>19 OTHER INCOME</b>		
<b>Income from financial assets:</b>		
Dividend income	199,500	62,331
Profit on saving accounts	3,504,726	2,793,215
Exchange gain	16,658,164	3,234,411
Profit on term deposit receipts	3,377,895	3,885,637
Profit on NIT units	828,178	1,599,485
Realized gain on investments measured at FVTPL	-	-
Capital loss on listed securities	(35,164)	(382,536)
Unrealized loss on remeasurment of:		
- investments measured at FVTPL	(627,774)	(146,933)
- NIT units	(6,913,326)	(3,515,312)
<b>Income from non-financial assets:</b>		
Miscellaneous income	548,710	333,236
	<u>17,540,909</u>	<u>7,863,534</u>

**20 CONTINGENCIES AND COMMITMENTS**

**20.1 Commitments**

There were no commitments at year-end. (2018: Rs. 325,000)

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 was to be transferred in the name of the Trust after payment of the purchase price which was payable in twelve equal quarterly installments of Rs. 162,500 beginning from 29 February 2016. The Trust's commitment in respect of this plot of land was Rs. 325,000 at 30 June 2018, which was settled during the year.

**20.2 Contingencies**

20.2.1 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 duly replied to by the Trust. Additional Commissioner Inland Revenue (Audit) RTO, Rawalpindi, imposed tax on the Trust despite the Trust's response. The Trust filed an appeal thereagainst with Commissioner Inland Revenue Appeals(CIR Appeals), which 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), which 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.

20.2.2 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 amounts to Rs. 915,193. The Trust filed appeal with Commissioner Appeals who remanded back the order to Assistant Commissioner supporting the Trust's plea.

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- 20.2.3 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 reply was received from the tax authorities.
- 20.2.4 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 reply was received from the tax authorities.

**21 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 Directors has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Board of Directors 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 Directors 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.

**21.1 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 balance sheet date was:

	2019 Rupees	2018 Rupees
Term deposit receipts	48,400,193	67,963,707
Advances, deposits and other receivables	2,303,381	880,244
Bank balances	209,269,009	171,641,534
	<u>259,972,583</u>	<u>240,485,485</u>

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21.2 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
<b>2019</b>	<b>Rupees</b>				
<b>Financial liabilities</b>					
Creditors	7,519,975	7,519,975	7,519,975	-	-
Accrued liabilities	2,452,736	2,452,736	2,452,736	-	-
Payable to donors	863,421	863,421	863,421	-	-
Short term loan	4,500,000	-	4,500,000	-	-
	<b>15,336,132</b>	<b>10,836,132</b>	<b>15,336,132</b>	<b>-</b>	<b>-</b>
<b>2018</b>					
<b>Financial liabilities</b>					
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	-	-
	<b>6,217,596</b>	<b>6,217,596</b>	<b>6,217,596</b>	<b>-</b>	<b>-</b>

21.3 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:

	2019 Rupees	2018 Rupees
<b>(i) Fixed rate instruments</b>		
<b>Financial assets</b>		
Cash at bank	86,877,719	71,638,358
Term deposit receipts	48,400,193	67,963,707
<b>(ii) Fair value sensitivity analysis for fixed rate instruments</b>		

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.

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(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:

	2019 Rupees	2018 Rupees
Foreign currency bank balances	<u>97,334,833</u>	<u>24,599,129</u>

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

	Average rates		Balance sheet rates	
	2019	2018	2019	2018
United States Dollar (USD)	142.75	112.63	164	121.51
Great Britain Pound (GBP)	183.79	149.68	207.79	159.80

(iii) Sensitivity analysis

A 10% strengthening of the functional currency against foreign currency at 30 June 2019 would have decreased profit or loss by Rs. 5,526,199 (2018: Rs. 1,952,469). A 10% weakening of the functional currency against foreign currencies at 30 June 2019 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

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# Al-Mustafa Trust

## Notes to the Financial Statements

For the year ended 30 June 2019

### 21.4 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:

Financial assets and liabilities	Carrying amount			Fair Value				
	Amortized cost	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 2019	Rupees			Rupees				
Advances, deposits and receivables	2,303,381	-	-	2,303,381	-	-	-	-
Term deposit receipts	48,400,193	-	-	48,400,193	-	-	-	-
Short-term investments	-	21,097,652	-	21,097,652	21,097,652	-	-	21,097,652
Bank balances	209,269,009	-	-	209,269,009	-	-	-	-
<b>Total financial assets</b>	<b>259,972,583</b>	<b>21,097,652</b>	<b>-</b>	<b>281,070,234</b>	<b>21,097,652</b>	<b>-</b>	<b>-</b>	<b>21,097,652</b>
<b>Non financial assets</b>				<b>259,285,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>				<b>540,355,376</b>	<b>21,097,652</b>	<b>-</b>	<b>-</b>	<b>21,097,652</b>
<b>Financial liabilities</b>								
Creditors and accrued liabilities	-	-	11,172,611	11,172,611	-	-	-	-
Short-term loan	-	-	4,500,000	4,500,000	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>15,672,611</b>	<b>15,672,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non financial liabilities</b>				<b>810,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>				<b>16,483,317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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21.4 Fair value of financial assets and liabilities (continued)

Financial assets and liabilities	Carrying amount			Fair Value				
	Amortized cost	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	-	-	-	-
<b>Total financial assets</b>	<b>240,485,485</b>	<b>28,638,752</b>	<b>-</b>	<b>269,124,237</b>	<b>28,638,752</b>	<b>-</b>	<b>-</b>	<b>28,638,752</b>
<b>Non financial assets</b>				<b>246,413,975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>				<b>515,538,212</b>	<b>28,638,752</b>	<b>-</b>	<b>-</b>	<b>28,638,752</b>
<b>Financial liabilities</b>								
Creditors and accrued liabilities	-	-	1,817,596	1,817,596	-	-	-	-
Short Term Loan	-	-	4,500,000	4,500,000	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>6,317,596</b>	<b>6,317,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non financial liabilities</b>				<b>103,324,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>				<b>109,641,691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

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**21.4 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.

**Derivative financial assets**

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.

**22 FUNDS MANAGEMENT**

The Board of Directors 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.

**23 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

	Restricted grant	Total
	Rupees	Rupees
<b>Balance at 01 July</b>	2,275,322	2,275,322
<b>Changes from financing cash flows</b>		
Receipts during the year	7,005,071	7,005,071
<b>Total changes from financing cash flows</b>	9,280,393	9,280,393
<b>Other changes</b>		
<b>Liability related</b>		
Transfer to income during the year	(1,187,547)	(1,187,547)
Transfer to deferred capital grant	(5,840,831)	(5,840,831)
Transfer to payable to donor	(863,421)	(863,421)
<b>Total liability related other changes</b>	(7,891,799)	(7,891,799)
<b>Balance at 30 June</b>	<u>1,388,594</u>	<u>1,388,594</u>

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**24 RELATED PARTY TRANSACTIONS**

Related parties comprise the Board members, 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 2019 Rupees	30 June 2018 Rupees
<b>Transactions with entities by virtue of common directorship</b>		
Al-Mustafa Charitable Trust - UK	18,351,000	13,055,679
Al-Mustafa Charitable Trust - USA	23,933,007	-
<b>Transactions with key management personnel</b>		
Donations received from Chairman of the Board of trustees	2,069,460	2,049,230
Donations received from Vice Chairman of the Board of trustees	2,505,000	2,702,000
<b>Others</b>		
Donations received from trustees	1,049,984	27,217,925
Advance against purchase of land and property paid to trustee	-	30,000,000

**25 REMUNERATION OF KEY MANAGEMENT PERSONNEL**

All key management personnel and project directors are working on voluntary basis for the Trust. (2018: nil)

**26 GENERAL**

Figures have been rounded to the nearest rupees.

**27 DATE OF AUTHORIZATION**

These financial statements were approved by the Council of Trustees on 14 March 2020

  
 CHAIRMAN

  
 TRUSTEE