

**GHAZALI EDUCATION
TRUST (REGD.)**

FINANCIAL STATEMENTS

**For Year Ended
June 30, 2011**

AZHAR ZAFAR & CO.

Chartered Accountants

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AZHAR ZAFAR & CO.

Chartered Accountants

AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

We have audited the annexed balance sheet of the GHAZALI EDUCATION TRUST (REGD.) as at June 30, 2011 and the related Income and Expenditure Account together with the notes forming part thereof (here-in-after to as the "financial statement") for the year then ended. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the trustees to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with international standards on auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting policies used and significant estimates made by the management, as well as evaluating the overall presentation of Financial Statements. We believe that our Audit provides a reasonable basis of our opinion.

In our opinion the Financial Statements present fairly in all material aspects of the financial position of the GHAZALI EDUCATION TRUST (REGD.) as at June 30, 2011 and of its Surplus for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

12 DEC 2011

Dated:
Place: LAHORE

Azhar Zafar & Co
AZHAR ZAFAR & CO.
CHARTERED ACCOUNTANTS

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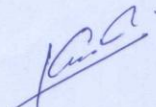
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AZHAR ZAFAR & CO.
CHARTERED ACCOUNTANTS

GHAZALI EDUCATION TRUST (REGD.)
BALANCE SHEET
AS AT JUNE 30, 2011


PARTICULARS	NOTE	2011 RUPEES	2010 RUPEES
PROPERTY AND ASSETS			
Non Current Assets	4	72,405,499	63,259,610
Long Term Deposits	5	14,150,000	7,950,000
		86,555,499	71,209,610
CURRENT ASSETS			
Advances, Deposits & Other Receivables	6	11,272,601	7,214,226
Cash & Bank Balances	7	5,018,287	3,086,431
		16,290,888	10,300,657
		102,846,387	81,510,267
FUNDS & LIABILITIES			
General Fund	8	54,457,417	42,131,681
Other Funds	9	37,680,286	32,059,960
		92,137,703	74,191,641
CURRENT LIABILITIES			
Creditors Accrued & Other Liabilities	10	10,708,684	7,318,626
		102,846,387	81,510,267


SECRETARY FINANCE


CHAIRMAN

GHAZALI EDUCATION TRUST (REGD.)
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

PARTICULARS	NOTE	2011 RUPEES	2010 RUPEES
INCOME	11	166,140,130	129,870,436
OPERATING EXPENSES			
Administrative & General Expenses	12	154,858,024	127,758,271
Project Expenses	13	2,201,519	1,856,529
		<u>157,059,543</u>	<u>129,614,800</u>
Surplus from Operations		9,080,587	255,636
Financial Charges	14	<u>49,751</u>	<u>39,432</u>
Net Surplus from operations		9,030,836	216,204
Other Income	15	3,256,738	1,822,336
Prior Year Adjustment	16	38,162	357,796
Surplus for the year transferred to General Fund		<u><u>12,325,736</u></u>	<u><u>2,396,336</u></u>


SECRETARY FINANCE


CHAIRMAN

GHAZALI EDUCATION TRUST (REGD.)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

1. **THE STATUS AND NATURE OF BUSINESS**

GHAZALI EDUCATION TRUST (REGD.) was established in February 15, 1999 under the Trust Act, 1882. Subsequently the trust has been awarded registration under the Societies Registration Act, XXI of 1860 by District Officer, Enterprises and investment promotion of Registrar, Joint Stock Companies, Lahore District on 07/06/2006. The main objects of GHAZALI EDUCATION TRUST (REGD.) are to establish institutions for eradication of illiteracy & provide research work in the field of education with Islamic touch for those students who cannot get education due to financial problems.

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

These financial statements are prepared under the historical cost conventions and in accordance with approved accounting standards as applicable in Pakistan.

3. **SIGNIFICANT ACCOUNTING POLICIES**

3.1 **Accounting Convention**

These accounts have been prepared on historical cost basis.

3.2 **Non Current Assets and Depreciation**

Non current assets have been stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income on reducing balance method at the rate indicated in note 4 of the financial statements. Depreciation on additions to non current assets is charged in the month it is acquired or capitalized and no depreciation is charged for the month in which it is disposed off. Normal repairs and maintenance are charged to income as incurred. Donated land and buildings are stated at valuation made through an independent valuer and respective credit is given to Land & Building Fund Account.

3.3 Revenue Recognition

The main source of income of the trust is school income and donations received from philanthropists and NGOs. Donations for trust and school operations are recognized as revenue as and when received. Donations related to restricted funds e.g. School Land & Building, Student Aid Program, Earth quake hit area etc. are not recognized as income and treated separately and shown along with general fund in balance sheet.

All items of receipt and expenditure pertaining to schools are incorporated in these financial statements.

3.4 Foreign Currency Transactions

Foreign currency transactions are translated into Pak. Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Pak. Rupees at the rates of exchange prevailing on the balance sheet date. Exchange differences, if any, are included in income and expenditure account currently.

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the 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 in the period in which the estimate is 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.

3.6 Taxation

The income of Ghazali Education Trust is exempt from income tax under clause (60) of the Second Schedule of the Income Tax Ordinance, 2001, consequently no provision for taxation is made in these financial statements.

AZHAR ZAFAR & CO.
CHARTERED ACCOUNTANTS

4 NON CURRENT ASSETS

Amount in Rupees

Particulars	Cost		Rate	Depreciation		Book Value	
	As On July 01, 2010	Addition/ (Deletion)		As On June 30, 2011	As On July 01, 2010	For The Year	As On June 30, 2011
Land	14,773,462	153,000	-	-	-	-	14,926,462
Building	44,367,409	2,460,945	10	14,979,472	3,061,841	18,041,313	28,787,041
Office Equipments	2,305,572	645,012	10	710,713	191,737	902,450	2,048,134
Electric Equipments	1,732,777	87,858	10	695,968	108,074	804,042	1,016,593
Furniture & Fixture	20,623,367	10,531,622	10	6,492,113	1,939,707	8,431,820	22,723,169
Fans	2,148,671	476,073	10	518,578	186,813	705,391	1,919,353
Vehicles	860,100	692,000	20	226,677	195,885	342,011	894,889
		(315,200)			(80,551)		
Books & Periodicals	101,153	26,592	10	29,380	8,507	37,887	89,858
2011	86,912,511	15,073,102		23,652,901	5,692,564	29,264,914	72,405,499
		(315,200)			(80,551)		
2010	70,216,762	16,695,749		18,945,904	4,706,997	23,652,901	63,259,610

AZHAR ZAFAR & CO.
CHARTERED ACCOUNTANTS

GHAZALI EDUCATION TRUST (REGD.)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	NOTE	2011 RUPEES	2010 RUPEES
5 LONG TERM DEPOSITS			
Share in Ghazali College for Women, Islamabad		1,300,000	1,300,000
Islamic Investment Certificates		5,000,000	5,000,000
Share in Ghazali Institute of Education, Khanewal		650,000	650,000
Deposit with Housing Society		1,000,000	1,000,000
Deposit with Shahid Mahmood & Co.		4,000,000	-
Modreno Fabrics		2,200,000	-
		<u>14,150,000</u>	<u>7,950,000</u>
6 ADVANCES DEPOSITS & PREPAYMENTS			
Advances to Staff Against Expenses		1,313,597	1,216,340
Advances to Staff Against Salary		2,256,940	1,298,055
Advances for Building Construction		1,257,293	426,085
Loan to Schools		3,030,152	1,643,200
Security Deposits		1,135,400	665,200
Other Receivable		2,279,219	1,965,346
		<u>11,272,601</u>	<u>7,214,226</u>
7 CASH AND BANK BALANCES			
Cash in Hand		235,961	100,000
Cash at Banks in:-			
- Current Accounts		3,919,234	2,214,199
- Pound Sterling Account		251,846	89,092
- US \$ Account		611,246	683,140
		<u>5,018,287</u>	<u>3,086,431</u>
8 GENERAL FUND			
Opening Balance		42,131,681	39,735,345
Surplus for the Year		12,325,736	2,396,336
		<u>54,457,417</u>	<u>42,131,681</u>
9 OTHER FUNDS			
For Land & Building	9.1	26,996,892	23,708,457
For Students Aid Programme	9.2	1,441,827	5,677,364
For Earth Quake Fund	9.3	153,209	1,670,780
For Life Time Membership Fee	9.4	1,103,359	1,003,359
For Duktaran-E-Islam Academy	9.5	8,186,977	-
For Rural Inclusive Education	9.6	(201,978)	-
		<u>37,680,286</u>	<u>32,059,960</u>

AZHAR ZAFAR & CO.
CHARTERED ACCOUNTANTS

	2011 RUPEES	2010 RUPEES
9.1 For Land & Building		
Opening Balance	23,708,457	16,621,687
Addition during the Year	3,535,952	7,287,646
Less: Administrative Cost	<u>(247,517)</u>	<u>(200,876)</u>
	<u>26,996,892</u>	<u>23,708,457</u>
9.2 For Students Aid Programme		
Opening Balance	5,677,364	2,766,355
Add: For the Year	21,916,493	16,696,498
Less: Disbursed during the Year:		
- for Students Fee	(18,206,947)	(8,027,252)
- for Books & Uniforms	(5,338,107)	(3,614,392)
- Food Expenses	(182,100)	(474,195)
- Administrative Cost	<u>(2,424,876)</u>	<u>(1,669,650)</u>
	<u>1,441,827</u>	<u>5,677,364</u>
9.3 For Earth Quake Fund		
Opening Balance	1,670,780	(132,907)
Add: For the Year	2,566,672	5,139,358
Less: Disbursed during the Year:		
- for School Expenses	(2,191,968)	(2,037,497)
- for Books	(891,275)	(527,270)
- Administrative Cost	<u>(1,001,000)</u>	<u>(770,904)</u>
	<u>153,209</u>	<u>1,670,780</u>
9.4 For Life Time Membership Fee		
Opening Balance	1,003,359	1,003,359
Add: For the Year	100,000	-
	<u>1,103,359</u>	<u>1,003,359</u>
9.5 For Duktaran-E-Islam Academy		
Opening Balance	-	-
Add: For the Year	<u>8,186,977</u>	<u>-</u>
	<u>8,186,977</u>	<u>-</u>
9.6 For Rural Inclusive Education		
Opening Balance	-	-
Add: For the Year	335,517	-
Less: Disbursed during the Year:		
- Salaries	(461,000)	-
- Administrative Cost	<u>(76,495)</u>	<u>-</u>
	<u>(201,978)</u>	<u>-</u>
10 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Accrued Expenses	10.1	1,816,788
Other Payable		1,407,182
		<u>8,891,896</u>
		<u>10,708,684</u>
		<u>7,318,626</u>

AZHAR ZAFAR & CO.
CHARTERED ACCOUNTANTS

	2011	2010
	RUPEES	RUPEES
10.1 Accrued Expenses		
Audit Fee	80,000	80,000
SCF	321,412	321,412
Staff Salaries & Benefits	1,400,098	938,418
Electricity Bills	-	48,000
Schools Rent	-	-
Scholarship	-	-
Telephone Bills	13,900	18,270
Sui Gas Bills	790	500
Newspapers Bills	588	582
	<u>1,816,788</u>	<u>1,407,182</u>
11 INCOME		
Donations	30,410,063	20,559,105
Trust Fund	16,232,182	12,765,380
School Income	119,397,938	96,325,811
Miscellaneous Income	99,947	220,140
	<u>166,140,130</u>	<u>129,870,436</u>
12 ADMINISTRATIVE & GENERAL EXPENSES		
Staff Salaries & Benefits	91,370,481	71,563,270
Student Welfare Expenses	17,852,088	22,648,650
Utility Charges	1,988,177	1,617,457
Printing and Stationery	2,881,873	1,925,331
Postage & Telecommunications	466,842	405,440
Local Travelling & Conveyance	2,000,924	1,576,147
Vehicle Running & Maintenance	1,148,586	904,376
Fee & Subscription	391,072	355,397
Office Expenses	1,684,138	1,249,438
Advertisement	1,411,176	2,045,262
Workshop & Seminars	1,133,405	1,097,540
Repair & Maintenance	2,033,539	2,009,843
Foreign Travelling Expenses	793,294	901,937
Fuel Expenses	917,097	617,098
School Establishment	2,847,945	915,502
Freight & Carriage Expense	1,078,050	595,352
Newspapers & Periodicals	73,506	14,424
Rent Building of Schools	11,230,739	8,453,768
Miscellaneous Expense	968,794	524,732
Computer & Internet Expenses	440,124	198,565
Legal & Professional Expense	897,300	309,977
Rent Rate & Taxes	810,000	830,052
Programs & Ceremonies	506,340	295,370
Examinations	2,065,218	1,469,966
Flood Relief Activities	1,858,507	-
IDP Camp School	-	389,715
Other Charges	12.1 316,245	136,665
Depreciation	4 5,692,564	4,706,997
	<u>154,858,024</u>	<u>127,758,271</u>

AZHAR ZAFAR & CO.
CHARTERED ACCOUNTANTS

	2011	2010
	RUPEES	RUPEES
12.1 Other Charges		
Exchange Losses	12,079	475
Tax on Profit from Deposits	81,366	41,190
Loss on Investment	-	-
Books Designing and Writing Charges	222,800	95,000
	316,245	136,665
13 PROJECT EXPENSE		
Girls Colleges	2,201,519	1,856,529
	2,201,519	1,856,529
14 FINANCIAL CHARGES		
Bank Charges (Schools)	49,071	38,233
Bank Charges (head office)	680	1,199
	49,751	39,432
15 OTHER INCOME		
Exchange Gain	32,474	24,241
Royalty Income on Books	1,731,650	757,740
Interest on Bank Deposits	496,263	413,655
Building Rent	531,000	626,700
Gain on Disposal of Non Current Assets	465,351	-
	3,256,738	1,822,336
16 PRIOR YEAR ADJUSTMENT	38,162	357,796
17 STAFF STRENGTH		
Number of Employees as at June 30	2,225	1,874
18 DATE OF AUTHORIZATION FOR ISSUE		
These financial statements were authorised for issue on <u>10/12/2011</u> by the Board of Trustees of the Trust.		
19 CORRESPONDING FIGURES		
Previous year figures have been re-arranged and re-classified wherever necessary for the purpose of comparison.		
20 GENERAL		
Figures have been rounded off to the nearest rupee unless otherwise stated.		


SECRETARY FINANCE


CHAIRMAN