

AUDITORS' REPORT TO THE TRUSTEES

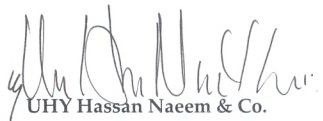
We have audited the annexed balance sheet of **Ghazali Education Trust** as at June 30, 2013 and the related income and expenditure account together with the notes forming part thereof (hereinafter referred to as the financial statements), for the period then ended and we state that we have obtained all the information and explanation 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatements. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of financial statements. We believe that our audit provide reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the trust at June30, 2013 and of its surplus for the year then ended.

Date: 3 DEC 2013
Place: Lahore


UHY Hassan Naeem & Co.
Chartered Accountants
Ibne Hassan, FCA



GHAZALI EDUCATION TRUST
BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees	Note	2013 Rupees	2012 Rupees
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GENERAL FUND	3	64,207,749	54,642,874	7	89,458,885	77,232,406
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OTHER FUNDS	4	45,099,085	48,067,638			
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CURRENT LIABILITIES

Creditors, accrued and other liabilities	5	13,356,549	10,456,008			
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LONG TERM DEPOSITS	8			8	1,051,200	3,751,200
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LONG TERM INVESTMENTS

	9			9	4,000,000	8,200,000
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CURRENT ASSETS

Advances, prepayments and other receivables	10			10	18,222,604	14,119,130
Cash and bank balances	11			11	10,020,694	9,863,784

		122,753,383	113,166,520		122,753,383	113,166,520
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		28,243,298	23,982,914		122,753,383	113,166,520
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The annexed notes from 1 to 10 form an integral part of these accounts.


Chairman

Date: 12.3 DEC 2013
Place: Lahore



President

**GHAZALI EDUCATION TRUST
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
Revenue	12	214,985,117	190,525,486
Cost of Revenue	13	<u>212,777,383</u>	<u>197,564,325</u>
Gross Surplus/(Deficit)		2,207,734	(7,038,839)
Administrative and General Expenses	14	20,036,850	20,160,851
Financial charges	15	44,850	32,370
Other income/(Expenses)	16	<u>27,981,072</u>	<u>27,169,483</u>
Net Surplus/(Deficit) for the year		10,107,105	(62,576)
Prior Period Adjustment	17	(452,230)	248,033
Net Surplus/(Deficit) for the year transferred to General Fund		<u>9,654,875</u>	<u>185,457</u>

The annexed notes from 1 to 19 form an integral part of these accounts.


Chairman


President

Date : 3 DEC 2013
Place :Lahore

GHAZALI EDUCATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

1 The trust and its operations

The trust was established in Pakistan on February 15, 1999 under the Trust Act, 1882. Later on the trust was registered under the Societies Registration Act, XXI of 1860 by the District Officer, Enterprise and Investment Promotion of Registrar, Joint Stock Companies, Lahore District on June 07, 2006. The registered office of the company is situated at 5-E Johar Town, Lahore. The trust is domiciled in Lahore. Main objects of Ghazali Education Trust includes establishment of institutions for eradication of illiteracy and provide research work in the field of education in accordance with Islamic values for public at large who cannot get education due to financial crisis.

2 Significant accounting policies

2.1 Statement Of Compliance

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Medium-Sized Entities(MSEs) issued by the institute of chartered accountants of Pakistan and provision of and directives issued under the Companies Ordinance, 1984.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention, except for land which is stated at a revalued amount as referred to in note 4

2.3 Taxation

Income of the trust is exempt from tax under clause 60 of the Second Schedule to the Income Tax Ordinance, 2001 consequently no provision for taxation is made in the financial statements.

2.4 Fixed capital expenditure and depreciation

All fixed assets, except freehold land are stated at cost less accumulated depreciation less impairment loss if any.

Depreciation on all property, plant and equipment is charged to profit and loss account on the reducing balance method so as to write off the historical cost of an asset over its estimated useful life at the rates given in note 7. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are included in income.

2.5 Revenue Recognition

Donations and income from school received from philanthropists and Non Government Organisations are the main source of income of the trust. Such incomes are recognised as and when received by the trust. Restricted funds e.g. School Land, Building, Student Aid Program, Earth Quake hit area etc. are shown as general fund in balance sheet and are not recognised as income during the year. All items of income and expenditure relating to the trust are incorporated in these financial statements



GHAZALI EDUCATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

2.6 Foreign Currency Transactions

All monetary assets and liabilities in foreign currencies are initially recorded at exchange rate at transaction date and subsequently translated at the exchange rates prevailing at the balance sheet date. All exchange differences are charged to profit and loss account. Non monetary assets and liabilities in foreign currencies are carried at exchange rate prevailing at the date of transaction or revaluation.

2.7 Estimates & Judgements

Preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that effect the application of policies and reported amount of assets, liabilities, incomes 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 consequences of which form the basis of making the judgements about the carrying values of assets and liabilities that are nor readily identifiable from other resources. Thus actual results may differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are revised if it effects that period only or in the period of revision and future periods if the revision effects bothe the current and future periods.

2.8 Mark-up, interest, profit and other charges

Interest and other charges on long term liabilities are capitalised upto the date of commencement of commercial operations. All other mark-up, interest, profit and other charges are charged to profit and loss account and when incurred.

GHAZALI EDUCATION TRUST
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2013

3 General Fund		2013	2012
		Rupees	Rupees
General Fund		54,642,874	54,457,417
Add: Surplus for the year		9,654,875	185,457
		<u>64,297,749</u>	<u>54,642,874</u>
4 Other Funds		2013	2012
		Rupees	Rupees
Land & Building	4.1	38,318,667	34,921,167
Student Aid Programme	4.2	-	269,400
Earth Quake Fund	4.3	1,895,958	1,267,595
Life Time Membership Fee	4.4	2,634,652	2,032,294
Dukhtran-E-Islam Academy	4.5	-	9,227,743
Rural Inclusive Education	4.6	2,249,808	349,439
		<u>45,099,085</u>	<u>48,067,638</u>
4.1 For Land & Building			
Opening Balance		34,921,167	26,996,892
Addition during the Year		3,775,000	8,804,750
		<u>38,696,167</u>	<u>35,801,642</u>
Less: Administrative Cost		377,500	880,475
		<u>38,318,667</u>	<u>34,921,167</u>
4.2 For Student Aid Programme			
Opening Balance		269,400	1,441,827
Addition for the Year		23,929,178	24,810,608
		<u>24,198,578</u>	<u>26,252,435</u>
Less: Disbursed during the Year			
- For Student Fee		15,989,545	17,039,724
- For Books & Uniforms		4,619,657	5,221,720
- Food Expenses		-	-
- Administrative Cost		3,589,377	3,721,591
		<u>24,198,578</u>	<u>25,983,035</u>
		<u>-</u>	<u>269,400</u>
4.3 For Earth Quake Fund			
Opening Balance		1,267,595	153,209
Addition for the Year		739,251	1,350,770
		<u>2,006,846</u>	<u>1,503,979</u>
Less: Disbursed during the Year			
- For School Expenses		-	-
- Administrative Cost		110,888	236,385
		<u>110,888</u>	<u>236,385</u>
		<u>1,895,958</u>	<u>1,267,595</u>

GHAZALI EDUCATION TRUST
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2013

4.4 For Life Time Membership Fee

Opening Balance	2,032,294	1,103,359
Addition for the Year	602,358	928,935
	<u>2,634,652</u>	<u>2,032,294</u>

4.5 For Dukhtran-E-Islam Academy

Opening Balance	9,227,743	8,186,977
Addition for the Year	-	1,040,766
	<u>9,227,743</u>	<u>9,227,743</u>
Less: Disbursed during the year	<u>9,227,743</u>	-
	<u>-</u>	<u>9,227,743</u>

4.6 For Rural Inclusive Education

Opening Balance	349,439	(201,978)
Addition for the Year	3,617,256	2,524,809
	<u>3,966,695</u>	<u>2,322,831</u>
Less: Disbursed during the Year		
- Salaries & Other charges	1,355,162	1,720,911
- Administrative Cost	361,726	252,481
	<u>1,716,888</u>	<u>1,973,392</u>
	<u>2,249,808</u>	<u>349,439</u>

5 Creditors Accrued & Other Liabilities

	2013	2012
	Rupees	Rupees
Salaries Payable	1,829,210	1,771,612
Accrued Expenses	16,764	626,873
Withholding Tax Payable	48,142	45,506
Utility Bills Payable	32,380	19,064
Audit Fee Payable	150,000	150,000
Staff Contribution Fund	-	321,412
Short Tem Loans	5.1 77,200	2,377,200
Creditors	2,041,608	2,226,723
Payable against different projects	9,068,534	2,824,906
Amaanti Fund GPC	92,711	92,711
	<u>13,356,549</u>	<u>10,456,008</u>

5.1 In year 2012, figures include Rs. 2,000,000 payable to Mr. Amjad Ali

6 Contingencies and Commitments

There are no contingencies & commitments as on June 30, 2013

GHAZALI EDUCATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

7 Property, Plant and Equipment

7.1 Operating Fixed Assets	Cost				Rate %	Depreciation				W.D.V. as on June 30, 2013
	Particulars	As at July 1, 2012	Additions/ Transfers	Disposal/ Adjustment		As at June 30, 2013	As at July 1, 2012	Deletions/ Transfers	Elimination of Dep on Disposal	
Tangible Assets										
Freehold land	15,124,962	77,400	-	-	15,202,362	-	-	-	-	15,202,362
Building on freehold land	51,639,095	13,356,922	-	-	64,996,017	10	21,137,517	-	3,691,055	24,828,572
Office Equipment	3,122,384	582,134	-	-	3,704,518	10	1,108,540	-	205,354	1,313,894
Electric Equipment	2,367,794	590,466	-	-	2,958,260	10	934,770	-	161,003	1,095,772
Furniture and fixture	34,288,124	3,258,327	-	-	37,546,451	10	10,802,403	-	2,422,148	13,224,550
Fans	3,457,011	531,956	-	-	3,988,967	10	939,780	-	264,187	1,203,967
Vehicles	2,424,850	1,611,736	(964,200)	-	3,072,386	20	592,653	(311,942)	407,290	635,703
Books & Periodicals	272,960	11,951	-	-	284,911	10	30,925	-	23,054	73,980
Intangible Assets										
ERP Software	111,199	-	-	-	111,199	20	9,386	-	20,363	29,749
Total 2013	112,898,379	20,020,892	(964,200)	-	131,865,071		35,575,973	(311,942)	7,194,453	42,406,186
Total 2012	101,670,413	11,251,155	(113,189)	-	112,808,379		29,264,914	-	6,343,200	35,575,973

7.2 Depreciation has been charged as under :

	2013 (Rupees)	2012 (Rupees)
Cost of Revenue	5,755,563	5,074,560
Administrative Expenses	1,438,891	1,268,640
	<u>7,194,453</u>	<u>6,343,200</u>

GHAZALI EDUCATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

8 Long Term Deposits		2013	2012
		Rupees	Rupees
	Deposit with Housing Society	-	1,000,000
	Security Deposits	1,051,200	801,200
	Total	<u>1,051,200</u>	<u>1,801,200</u>
A			
	Investment in Ghazali Institute for women, Islamabad	1,300,000	1,300,000
	Less: Donation to Ghazali College for women	(1,300,000)	-
	Total	<u>-</u>	<u>1,300,000</u>
B			
	Investment in Ghazali Institute of Education, Khanewal	650,000	650,000
	Less: Provision for doubtful recovery of investment	(650,000)	-
	Total	<u>-</u>	<u>650,000</u>
C			
	Total (A+B+C)	<u>1,051,200</u>	<u>3,751,200</u>
9 Long Term Investments		2013	2012
		Rupees	Rupees
	Islamic Investment Certificate	-	4,000,000
	Shahid Mahmood & Co.	4,000,000	4,000,000
	Moderno Fabrics	-	200,000
	Total	<u>4,000,000</u>	<u>8,200,000</u>
10 Advances, Deposits, & Other Receivables		2013	2012
		Rupees	Rupees
	Advance to Staff Against Expenses	1,421,639	2,516,743
	Advance to Staff Against Salary	1,526,256	1,596,635
	Advances for Building Construction	1,482,139	1,852,332
	Advances to Suppliers	251,179	-
	Prepaid Rent of Schools	4,386,165	3,397,332
	Receivables from Districts	2,304,233	1,338,389
	Misc. Advances	530,000	4,790
	Receivable from Donars	1,122,212	411,379
	Other Receivables	2,079,148	1,468,702
	Royalty Income Receivable	1,197,758	1,197,758
	Other Advances	109,262	51,970
	Receivable from GPC	448,442	-
	Advance to Trustees	1,364,171	283,100
	Total	<u>18,222,604</u>	<u>14,119,130</u>
11 Cash & Bank Balance		2013	2012
		Rupees	Rupees
	Cash in Hand	123,950	-
	Cash at Bank	9,896,744	9,863,784
	Total	<u>10,020,694</u>	<u>9,863,784</u>
11.1 Cash at Bank			
Foreign Currency Accounts			
	- US Dollar Account US \$ 3,034.38 (2012: US \$ 1,281.76)	302,585	193,413
	- Pound Sterling Account GBP £ 43,551.81 (2012: GBP £ 1,816.81)	6,557,596	267,198
	Total	6,860,181	460,611
Pak Rupees Accounts			
	- Savings Accounts	3,036,563	9,403,173
	Total	<u>9,896,744</u>	<u>9,863,784</u>

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GHAZALI EDUCATION TRUST
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2013

12	Revenue	2013 Rupees	2012 Rupees
	Trust Fund	44,823,337	45,276,575
	School Income	170,161,780	145,248,911
		<u>214,985,117</u>	<u>190,525,486</u>

13	Cost of Revenue	2013 Rupees	2012 Rupees
	Staff Salaries & Benefits	121,103,937	108,536,635
	Student Welfare Expenses	54,930,908	51,533,031
	Utility Charges	1,827,385	1,879,831
	Printing and Stationery	1,410,713	1,517,419
	Postage & Telecommunications	42,033	24,878
	Fuel for Monitoring	1,579,582	1,451,973
	Vehicle Running & Maintenance	373,198	583,781
	Traveling & Conveyance	1,313,048	1,248,818
	Fee & Subscription	333,490	704,648
	Advertisement	235,303	322,604
	Workshop & Seminars	2,429,203	5,179,743
	Repairs & Maintenance	153,747	263,932
	School Establishment	2,576,223	1,448,256
	Freight & Carriage	522,586	637,822
	News papers & Periodicals	8,801	77,204
	Rent Building of Schools	16,177,553	14,924,918
	Miscellaneous Expenses	1,502,634	976,506
	Entertainment Expenses	271,494	217,043
	Rent, Rate & Taxes	66,500	71,000
	Examinations	163,483	889,723
	Depreciation	5,755,563	5,074,560
		<u>212,777,383</u>	<u>197,564,325</u>

7.2

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GHAZALI EDUCATION TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

14 Administrative & General Expenses		2013	2012
		Rupees	Rupees
	Staff Salaries & Benefits	10,161,684	10,259,030
	Utility Charges	782,860	810,745
	Printing and Stationery	1,233,655	1,262,314
	Postage & Telecommunications	239,159	167,319
	Traveling & Conveyance	294,845	200,200
	Vehicle Running & Maintenance	373,198	583,781
	Office Expenses	-	33,930
	Advertisement	185,575	729,708
	Repairs & Maintenance	872,272	742,965
	Fuel	680,024	494,809
	Foreign Travelling	1,617,835	1,299,486
	Freight & Carriage	94,435	115,245
	Miscellaneous Expenses	98,447	168,318
	Entertainment Expenses	595,389	492,483
	Web Hosting & Development Charges	5,600	40,000
	Legal & Professional Expenses	381,850	582,110
	Rent, Rate & Taxes	907,742	882,591
	Other Charges	73,390	27,177
	Depreciation	7.2	1,268,640
		<u>20,036,850</u>	<u>20,160,851</u>
15 Financial Charges		2013	2012
		Rupees	Rupees
	Bank Charges (Schools)	-	2,700
	Bank Charges (Head office)	44,850	29,670
		<u>44,850</u>	<u>32,370</u>
16 Other Income / (Expense)		2013	2012
		Rupees	Rupees
	Exchange Gain	84,089	27,666
	Donations	26,589,998	22,615,541
	Royalty Income on Books	-	1,735,600
	Income from Investments	1,002,227	1,061,683
	Income from Bank Accounts	370,108	136,146
	Income from Bus	723,925	437,525
	Building Rent	-	671,000
	Provision against investment	8	(650,000)
	Donation to Ghazali College for women	16.1	(1,300,000)
	Miscellaneous Income / Expense	628,445	452,181
	Gain on Disposal of Non Current Assets	532,280	32,141
		<u>27,981,072</u>	<u>27,169,483</u>

16.1 Investment in Ghazali College for women was made several years ago, during the period Board decided to withdraw its investment and treated this as donation to Ghazali College for women

GHAZALI EDUCATION TRUST
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2013

17	Prior Period Adjustment	2013 Rupees	2012 Rupees
	Adjustment of donation received in previous year	(500,000)	(500,000)
	Provident fund over-booked in last year	58,750	48,282
	Others	(10,980)	699,751
		<u>(452,230)</u>	<u>248,033</u>

18	Average number of employees	2013 Rupees	2012 Rupees
		2,326	2,334

19 General

- 19.1 Figures of previous year have been rearranged & reclassified wherever necessary for the comparison purposes.
 19.1 Figures have been rounded off to the nearest rupee.


 Chairman


 President

Date : 23 JUL 2013
 Place : Lahore