

*SAHARA FOR LIFE TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016*



QADEER & COMPANY
CHARTERED ACCOUNTANTS

AUDITOR'S REPORT TO THE TRUSTEES

We have audited the accompanying financial statements of **SAHARA FOR LIFE TRUST** for the year ended June 30, 2016 which comprise of Balance Sheet, Income and Expenditure Account, Cash Flow Statement, Statement of Changes in Fund Account and notes to the financial statements.

Basis of Preparation

The financial statement has been prepared by the management in accordance with the Guideline for Accounting and Financial Reporting by Non-Government Organization/Non Profit Organization issued by the Institute of Chartered Accountant.

Management's Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of this financial statement in accordance with the Guideline for Accounting and Financial Reporting for Non government/Non Profit organization and for such internal controls as the Trustees determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by the Trustees, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, Balance Sheet, Income and Expenditure account, Cash Flow Statement and Statement of Changes in Fund Account of **SAHARA FOR LIFE TRUST**, for the year ended June 30, 2016 in accordance with Guideline for Accounting and Financial Reporting for Non government/Non Profit organization.

Lahore

Dated: December 23, 2016


QADEER AND COMPANY
CHARTERED ACCOUNTANTS
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**SAHARA FOR LIFE TRUST
BALANCE SHEET
AS AT JUNE 30, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
<u>FUNDS AND LIABILITIES</u>			
Fund Accounts			
Accumulated funds		554,322,759	466,960,081
Endowment fund	5	50,540,000	-
		<u>604,862,759</u>	<u>466,960,081</u>
Non Current Laibilities			
Long Term Security Deposit	6	7,205,000	-
Deferred Income	7	-	45,990,000
		<u>7,205,000</u>	<u>45,990,000</u>
Current Liabilities			
Creditors, accrued and other liabilities	8	26,106,849	36,343,192
Short term security deposits - employees		9,266,110	8,555,750
		<u>35,372,959</u>	<u>44,898,942</u>
Contingencies and commitments	9	-	-
		<u>647,440,718</u>	<u>557,849,023</u>
<u>ASSETS</u>			
Non Current Assets			
Fixed Assets -Tangible	10	473,402,513	276,221,120
Capital work in progress	11	1,340,866	200,795,060
Long Term Investments	12	81,629,000	-
Long term security deposits		2,568,137	2,568,137
		<u>558,940,516</u>	<u>479,584,317</u>
Current Assets			
Inventories	13	11,908,655	6,546,660
Advances, deposits, prepayments and other receivables	14	25,463,622	25,482,494
Cash and bank balances	15	51,127,925	46,235,552
		<u>88,500,202</u>	<u>78,264,706</u>
		<u>647,440,718</u>	<u>557,849,023</u>

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


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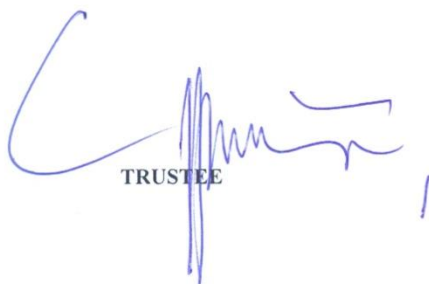


**SAHARA FOR LIFE TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
Sughra Shafi Medical Complex (SSMC)			
Receipts - SSMC	16	143,986,908	130,066,295
Expenditures - SSMC	17	(185,078,304)	(201,620,927)
		(41,091,396)	(71,554,632)
Sahara Medical College (SMC)			
Receipts - SMC	18	74,870,700	-
Expenditures - SMC	19	(91,510,900)	-
		(16,640,200)	-
(Deficit) from SSMC AND SMC Projects		(57,731,596)	(71,554,632)
Other Receipts	20	210,877,643	142,617,096
Other Operating Expenditures:			
General and administration expenses	21	(64,826,450)	(63,091,598)
Other projects expenses	22	(670,091)	(1,781,386)
Financial charges	23	(286,828)	(194,152)
Other Expenses	24	-	(1,612,948)
		(65,783,369)	(66,680,084)
Surplus for the year		87,362,678	4,382,380

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




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**SAHARA FOR LIFE TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

	2016 RUPEES	2015 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	87,362,678	4,382,380
Adjustment For:		
Depreciation	20,046,849	16,262,319
APFD Writen Off	(3,275,595)	-
Financial charges	286,828	194,152
Loss on disposal		117,777
Interest received	(906,955)	(1,575,136)
Operating cash flow before working capital changes	103,513,805	19,381,492
Changes in working capital		
(Increase)/decrease in current assets		
Inventories	(5,361,995)	(1,963,886)
Advances,deposits,prepayments and other receivables	18,872	(1,149,979)
Increase/(decrease) in current liabilities		
Creditors,accrued and other liabilities	(10,236,343)	18,122,304
Deferred income	(45,990,000)	21,570,036
Short term security deposits	710,360	851,855
	(60,859,106)	37,430,330
Cash generated from operations	42,654,699	56,811,822
Finance charges paid	(286,828)	(194,152)
Net cash from operating activities	42,367,871	56,617,670
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(213,952,647)	(13,759,491)
Capital work in progress	199,454,194	(40,283,554)
Long Term Investments	(81,629,000)	
Endowment Fund	50,540,000	
Long Term Security Payable- Students SMC	7,205,000	
Long term security deposits	-	-
Fixed assets disposal receipts/adjustments		1,015,000
Interest received	906,955	1,575,136
Net cash used in investing activities	(37,475,498)	(51,452,909)
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net increase/(decrease) in cash & bank balances	4,892,373	5,164,761
Cash & cash equivalent at the beginning of year	46,235,552	41,070,791
Cash & cash equivalent at the end of year	51,127,925	46,235,552

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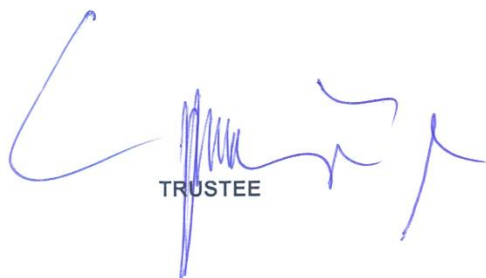

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SAHARA FOR LIFE TRUST
STATEMENT OF CHANGES IN FUND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	Accumulated funds Rupees	Endowment Fund Rupees	Total Funds Rupees
Balance as at 1st July 2014	462,577,700	-	462,577,700
Surplus for the year	4,382,380	-	4,382,380
Balance as at 30 June 2015	466,960,081	-	466,960,081
Increase in endowment fund during the year	-	50,540,000	50,540,000
Surplus for the year	87,362,678	-	87,362,678
Balance as at 30 June 2016	554,322,759	50,540,000	604,862,759

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


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**SAHARA FOR LIFE TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1 LEGAL STATUS AND NATURE IF BUSINESS

Sahara for Life Trust ("the Trust") was registered in Pakistan on June 15, 2000 with the Directorate of Social Welfare, Government of Punjab. The primary purpose of the Trust is to raise funds in Pakistan and abroad for establishing and maintaining general hospitals. Funds raised in the United Kingdom and United States of America are incorporated in the accounts of charitable trusts that are separate legal entities registered in the respective countries.

Sahara stands for Services Aimed at Health and Awakening in Remote Areas. "Sughra Shafi Medical Complex" (SSMC) is the first project of Sahara; located at Narowal. It is a 250 bed hospital. The second project namely "Sahara Medical College" (SMC) is also fuctional since April 2016. Its income is being utilized in Sughra Shafi Medical Complex for poor and needy patients. The registered office of the trust is situated at 50 - Bridge Colony, Lahore Cantt.

2 BASIS OF PREPARATION

2.01 These financial statements have been prepared in accordance with the historical cost convention.

2.02 New standards, amendments to approved accounting standards and new interpretations

Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2016

There were certain new standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2016 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2016

There are certain new amendments to the approved accounting standards that are mandatory for the Company's accounting periods beginning after July 1, 2016 but are considered not to be relevant or are not expected to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.03 The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable by the management under different circumstances. These estimates and related assumptions are reviewed on ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life of fixed assets, provisions for doubtful receivables and slow moving and obsolete inventory. However, the management believes that the change in outcome of these estimates would not have a material effect on the amounts disclosed in the financial statements.

2.04 Functional Currency

These financial statements are prepared in Pak Rupees which is the Trust's functional and presentation currency.

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Trust Deed of Sahara For Life Trust, and "Guideline for Accounting and Financial Reporting for Non-government / Non-profit organisations" as issued by the Institute of Chartered Accountants of Pakistan.



4 SIGNIFICANT ACCOUNTING POLICIES

4.01 Operating fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except freehold land which is stated at cost. Cost includes expenditure that are directly attributable to the acquisition of the item.

Depreciation is recognized in Income and Expenditure by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 10 to the accounts. The asset's residual values, depreciation method and useful lives are reviewed, at each year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued for the month in which it is disposed off or classified as held for

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will to the Trust and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Profit or loss on disposal of operating fixed assets is included to current year's income.

4.02 Capital Work In Progress

Capital work in progress pertains to Sahara Medical College & School is stated at cost less identified impairment loss, if any and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

4.03 Inventories

Inventories are valued at lower of cost and estimated net realizable value. Cost of stock is determined on the basis of first-in-first out while items considered obsolete are carried at Nil value.

4.04 Advances, Deposits , Prepayments and other receivables

Advances, Deposits , Prepayments and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amount. Carrying amount of advances and receivables are assessed on a regular

4.05 Creditors, Accrued and Other Liabilities

Creditors, Accrued and Other Liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the trust.

4.06 Cash and Cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash at bank in current account, deposit accounts and foreign currency accounts.

4.07 Taxation

Sahara For Life Trust is exempted from tax Under Section 2(36) of Income Tax Ordinance, 2001.

4.08 Unrestricted Funds

Unrestricted Funds are received from donors with no specific condition or purpose attached for its use. Such funds are directly charged to statement of financial activities.



4.09 Restricted Funds

Restricted Funds are received from Government Institutions, National and International donors with a specific condition or purpose attached to its use.

4.10 Revenue Recognition

Donations are recognized when they are received in cash or deposited in banks.

5 Endowment Fund

Endowment Fund has been generated by the Trust based on receipts, received from donors at abroad for the purpose to issue of two Bank Guarantees worth to rupees fifty million from Summit Bank Liberty Branch Lahore in favour of PMDC required for Sahara Medical College.

	<u>2016</u> RUPEES	<u>2015</u> RUPEES
6 Long Term Security Deposit		
Security payable to SMC students	7,205,000	-
	<u>7,205,000</u>	<u>-</u>
7 Deferred Income		
Deferred Income-on account of SSMC	-	30,780,000
Receipts for construction of Sahara Medical College - SMC	-	15,210,000
	<u>-</u>	<u>45,990,000</u>
8 Creditors, accrued and other liabilities		
Creditors and bill payables	4,627,649	20,623,645
Accrued and other liabilities	16,726,276	14,120,859
Advances from Patients	93,195	239,566
Advances from suppliers and others	4,659,729	1,359,122
	<u>26,106,849</u>	<u>36,343,192</u>
9 Contingencies and commitments		
There are no major contingencies and commitments at the balance sheet date		



10 Fixed Assets Tangible

NOTE	2016		2015	
	RUPEES		RUPEES	
Head Office & SSMC	10.1	209,045,767	276,221,120	-
Sahara Medical College	10.2	264,356,746	-	-
		473,402,513	276,221,120	

10.1 Head Office & SSMC

Particulars	C O S T			Rate %	D E P R E C I A T I O N			Written down value as at June 30, 2016
	As at July 01, 2015	Transfer/ Additions/ (Deletions)	As at June 30, 2016		As at July 01, 2015	For the year/(Adjustment)	As at June 30, 2016	
Land	77,852,754	(55,282,392)	22,570,362	-	-	-	-	22,570,362
Building	158,067,469	-	158,067,469	5	60,041,054	4,901,320	64,942,374	93,125,095
Furniture and Fixture	9,252,315	3,478,402 (2,289,460)	10,441,257	10	4,936,081	587,879 (954,539)	4,569,421	5,871,836
Vehicles	23,685,381	1,445,000	25,130,381	20	17,574,235	1,365,062	18,939,297	6,191,084
Computers	7,600,040	96,500 (455,614)	7,240,926	20	5,583,656	413,398 (330,483)	5,666,571	1,574,356
Air Conditioner	2,554,738	992,750	3,547,488	10	1,212,565	150,696 (171,590)	1,191,671	2,355,817
Donation Boxes	1,079,798	-	1,079,798	33	806,820	90,083	896,903	182,895
Other Assets	15,839,694	1,863,822 (4,290,135)	13,413,381	10	5,732,375	1,061,211 (1,818,983)	4,974,603	8,438,778
Medical & Surgical equipment	134,018,637	184,120	134,202,757	10	57,842,922	7,624,292	65,467,214	68,735,543
Total 2016	429,950,826	8,060,594 (62,317,601)	375,693,819		153,729,706	16,193,941 (3,275,595)	166,648,052	209,045,767
Total 2015	418,723,835	11,226,991	429,950,826		138,867,111	14,862,596	153,729,706	276,221,120

Allocation of depreciation:

2016		2015	
RUPEES		RUPEES	
Expenditures - SSMC	14,574,547	14,636,087	
General and administration expenses	1,619,394	1,626,232	
	16,193,941	16,262,319	



10.2 Sahara Medical College

Rupees

Particulars	C O S T			D E P R E C I A T I O N			Written down value as at June 30, 2016
	As at July 01, 2015	Transfer/ Additions/ (Deletions)	As at June 30, 2016	Rate %	As at July 01, 2015	For the year/(Adjustment)	As at June 30, 2016
Land	-	11,835,050	11,835,050	-	-	-	11,835,050
Building	-	206,880,216	206,880,216	5	-	2,586,003	204,294,213
Furniture and Fixture	-	9,239,202	9,239,202	10	-	230,980	9,008,222
Computers	-	1,663,572	1,663,572	20	-	83,179	1,580,393
Electric Equipment & Installation	-	25,843,193	25,843,193	10	-	634,035	25,209,158
Other Assets	-	1,435,266	1,435,266	10	-	35,882	1,399,384
Lab Tools and Equipment	-	11,313,155	11,313,155	10	-	282,829	11,030,326
Total 2016	-	268,209,654	268,209,654		-	3,852,908	264,356,746
Total 2015	-	-	-		-	-	-



		2016 RUPEES	2015 RUPEES
11 Capital work in progress			
Construction of Sahara Medical College	11.1	-	199,856,712
Construction of Sahara School		1,340,866	938,348
		<u>1,340,866</u>	<u>200,795,060</u>
11.1 Construction of Sahara Medical College			
Opening balance		199,856,712	159,573,158
Additions during the year		68,352,942	40,283,554
		268,209,654	199,856,712
Less: Capitalized during the year		268,209,654	-
		<u>-</u>	<u>199,856,712</u>
12 Long Term Investments			
Investment in Save Heaven commercial market	12.1	31,629,000	-
Investment in TDRs - Summit bank	12.2	50,000,000	-
		<u>81,629,000</u>	<u>-</u>
12.1 The Trust invested Rs.31.629 Million in a private commercial scheme namely "Safe Heaven Commercial Market" located at Darogawala,Lahore for purchase of 9-shops which will be sold in future on a remarkable profit.			
12.2 The Trust also made a long term investment of rupees fifty million in shape of TDR's Summit Bank which carries a profit @ 4.50 to 5 % per annum.The said amount invested as a margin against issuance of two Bank guarantees of rupees five millions on account of "Sahara medical college" required by PMDC.			
13 Inventories			
Stock of medicines		11,594,871	6,092,615
Fuel stock		313,784	454,045
		<u>11,908,655</u>	<u>6,546,660</u>
14 Advances, deposits, prepayments and other receivables			
Advances to suppliers-for building materials		8,770,812	8,609,027
Advances to staff		3,013,379	3,081,717
Advance for expenses		9,270,963	8,349,581
Bill receivable from lab franchises		1,026,370	487,144
Security deposit		484,088	570,088
Withholding tax deposit		448,119	287,899
Prepaid insurance		429,904	1,080,186
Other prepayments		1,977,798	2,796,692
Advances for services and goods		42,189	220,160
		<u>25,463,622</u>	<u>25,482,494</u>
15 Cash and bank balances			
Cash in hand		2,844,214	2,699,435
Cash at banks	15.1	48,283,711	43,536,117
		<u>51,127,925</u>	<u>46,235,552</u>
15.1 Cash at banks			
Local currency account			
Current accounts		42,200,916	37,775,333
PLS accounts		4,232,603	3,933,731
		46,433,519	41,709,064
Foreign currency account		1,850,192	1,827,053
		<u>48,283,711</u>	<u>43,536,117</u>



		2016 RUPEES	2015 RUPEES
16 Receipts - SSMC			
Receipts from hospital		139,926,715	121,076,954
Receipts from lab centers		4,060,193	8,989,341
		<u>143,986,908</u>	<u>130,066,295</u>
17 Expenditures - SSMC			
Medicines consumed	17.1	46,530,300	52,372,798
Salaries, Consultant Fees and other benefits		87,355,237	84,848,829
Further assistance		11,912,603	24,656,213
Hospital supplies		911,220	1,496,593
Patient mess expenses		370,141	263,535
Utility bills		10,034,570	13,905,340
Ambulance running and maintenance		4,109,050	4,482,927
Printing and stationery		1,196,493	1,264,182
Computer accessories consumption		158,180	165,570
Hospital maintenance		4,196,756	2,526,276
Scrape and Obsolete Assets Written Off		1,536,046	-
Insurance		1,947,101	759,001
Depreciation	10.1	14,574,547	14,636,087
Miscellaneous		246,060	243,576
		<u>185,078,304</u>	<u>201,620,927</u>
17.1 Medicines Consumed			
Opening stocks		6,092,615	4,337,019
Purchases		52,032,556	54,128,394
		58,125,171	58,465,413
Less: Closing stock		(11,594,871)	(6,092,615)
		<u>46,530,300</u>	<u>52,372,798</u>
18 Receipts - SMC			
Fee & Other charges received from Students of SMC		74,870,700	-
		<u>74,870,700</u>	<u>-</u>
19 Expenditures - SMC			
Salaries & Wages		80,038,833	-
Student Registration		500,000	-
Travelling & Conveyance		650	-
Newspaper & Periodicals		1,680	-
Student Welfare		15,000	-
Entertainment Expenses		4,279	-
Legal & Professional		2,450,000	-
Commission on Bank Guarantee		4,647,550	-
Depreciation	10.2	3,852,908	-
		<u>91,510,900</u>	<u>-</u>
20 Other receipts			
Donation in pak rupees		99,515,517	65,353,480
Donation in foreign currency		58,658,001	39,143,393
Zakat		27,281,784	18,864,360
Receipts- For Sawat Relief Funds		-	100,000
Grant Assistance for Grassroots Human Security Projects (GGP) Japan		-	11,896,336
Own football stitching center- Pasroor		175,000	416,668
Sadqa		43,900	273,450
Hides		195,110	425,892
Donation in kind		1,695,000	3,774,988
Interest on bank deposit		906,955	1,575,136
Income from Sale Of Scrap		68,820	558,202
Exchange rate gain		660,267	-
Others		93,681	235,191
Gain on disposal of land		21,583,608	-
		<u>210,877,643</u>	<u>142,617,096</u>



	2016 RUPEES	2015 RUPEES
21 General and administration expenses		
Salaries ,wages and other benefits	27,190,607	30,337,678
Travelling and conveyance	589,852	291,354
Utility bills	2,095,428	2,932,072
Internet	804,221	618,067
Printing and stationery	1,450,752	903,535
Computer accessories consumption	279,405	330,138
Entertainment	923,639	953,522
Newspaper and periodicals	1,250	4,716
Vehicle running and maintenance	3,091,034	3,356,235
Office maintenance	713,824	544,960
Rent, rates and taxes	4,569,420	3,455,584
Legal and professional	518,810	176,950
Postage	732,124	329,776
Publicity & advertisement	17,858,128	14,844,681
Depreciation	1,619,394	1,626,232
Audit fee	200,000	175,000
Insurance	422,837	308,626
Office expenses	126,469	88,720
Miscellaneous	1,639,256	1,813,752
	<u>64,826,450</u>	<u>63,091,598</u>
22 Project and Other Expenses		
Concern Worldwide-Rapid fund-Shelter	51,602	974,802
PGIS Project	618,489	554,841
Own football stitching center- Pasroor	-	251,743
	<u>670,091</u>	<u>1,781,386</u>
23 Financial charges		
Bank charges	286,828	194,152
	<u>286,828</u>	<u>194,152</u>
24 Other Expenses		
Loss on the sale of Fixed Assets	-	117,777
Exchange rate loss	-	1,495,171
	<u>-</u>	<u>1,612,948</u>
25 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets as per balance sheet		
Long term deposits	2,568,137	2,568,137
Loans and advances	21,097,343	20,260,485
Trade deposits	484,088	570,088
Cash and bank balances	51,127,925	46,235,552
	<u>75,277,493</u>	<u>69,634,262</u>
Financial liabilities as per balance sheet		
Trade and other payables	9,380,573	22,222,333
Trade deposits	9,266,110	8,555,750
	<u>18,646,683</u>	<u>30,778,083</u>

25.01 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.



26 FINANCIAL INSTRUMENTS

26.01 Financial risk factors

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Trust's overall risk management program focuses on having cost effective funding as well as to manage financial risk.

Risk management is carried out by the Trust's finance department under policies approved by the Board of Trustees.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Trust is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and British Pound Sterling (GBP). Currently, the Trust's foreign exchange risk exposure is restricted to foreign currency bank balances and foreign currency donations.

	2016 RUPEES	2015 RUPEES
Donation in foreign currency	58,658,001	39,143,393
Cash at bank in foreign currency	1,850,192	1,827,053
Net exposure	109,785,926	40,970,446

The following significant exchange rates have been applied at the reporting dates:

GBP to PKR	139.44	158.94
USD to PKR	104.71	101.76

The Trust manages its currency risk by close monitoring of currency markets. However, the Trust does not hedge its currency risk exposure.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Trust has no interest-bearing assets, therefore the Trust's income and operating cash flows are substantially independent of changes in market interest rates.

(iii) Fair value sensitivity analysis for fixed rate instruments:

The Trust does not account for any fixed rate financial assets and liabilities at fair value through Income and Expenditure. Therefore, a change in interest rates at the reporting date would not affect Income and Expenditure account.

(iv) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust is not exposed to equity securities price risk as there is no investment in listed securities.



(b) **Credit risk**

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, loans and advances, deposits and other receivables. The Trust seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs.75,277,493 (2015: Rs. 69,634,262), the financial assets exposed to credit risk amount to Rs.56,630,810 (2015: Rs. 38,856,179).

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Trust's bank balances can be assessed with reference to external credit ratings as follows:

	2016 RUPEES	2015 RUPEES
Long term deposits	2,568,137	2,568,137
Loans and advances	21,097,343	20,260,485
Trade deposits	484,088	570,088
Cash and bank balances	51,127,925	46,235,552
	<u>75,277,493</u>	<u>69,634,262</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Trust's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating		Rating Agency
	Short term	Long term	
Summit Bank Limited	A-	A-1	JCR-VIS
MCB Bank limited	A1+	AAA	PACRA
Allied Bank Limited	A1+	AA+	PACRA
Bank Alfalah Limited	A1+	AA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS
Habib Bank Limited	A-1+	AAA	JCR-VIS
National Bank of Pakistan	A-1+	AAA	JCR-VIS
The Bank of Punjab	A1+	AA	PACRA
Silk Bank Limited	A-2	A-	JCR-VIS
Faysal Bank Limited	A1+	AA	PACRA

(c) **Liquidity risk**

Liquidity risk represents the risk that the Trust will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Trust's operations, the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Trust's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Trust. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Trust's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal requirements, and maintaining debt financing plans.

The table shows analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



**Non-Derivative
Financial Liabilities**

Trade and other payables
Short term security deposits

2016 (Rupees)			
Carrying Amount	Less than 1 year	1 to 5 years	More than 5 years
26,106,849	26,106,849	-	-
9,266,110	9,266,110	-	-
35,372,959	35,372,959	-	-

**Non-Derivative
Financial Liabilities**
Trade and other payables
Short term security deposits

2015 (Rupees)			
Carrying Amount	Less than 1 year	1 to 5 years	More than 5 years
36,343,192	36,343,192	-	-
8,555,750	8,555,750	-	-
44,898,942	44,898,942	-	-


27 AUTHORIZATION OF FINANCIAL STATEMENTS


These accounts have been authorized for issue by the Board of Trustees of the Trust on December 23, 2016.

28 GENERAL

28.1 Figures have been rounded off to the nearest of rupees.

28.2 Comparative figures have been rearranged / reclassified, wherever necessary, to facilitate comparison.


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