

*SAHARA FOR LIFE  
TRUST  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017*



**QADEER & COMPANY**  
CHARTERED ACCOUNTANTS

**Independent Auditors' Report To The Members**

We have audited the accompanying financial statements of **Sahara for Life Trust ("the Trust")**, which comprise of the Balance Sheet as at June 30, 2017, and Income and Expenditure Account, the Statement of Changes in Fund Account and the Statement of Cash Flows for the year then ended, and Notes to the Financial Statements.

**Management's Responsibility for the Financial Statements**

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the Trust Deed of Sahara For Life Trust, and "Guideline for Accounting and Financial Reporting for Non-government / Non-profit organizations" as issued by the Institute of Chartered Accountants of Pakistan, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 made by Members, as well as evaluating the overall presentation of the financial statements.

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 statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Trust as at June 30, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Trust Deed of Sahara For Life Trust, and "Guideline for Accounting and Financial Reporting for Non-government / Non-profit organizations" as issued by the Institute of Chartered Accountants of Pakistan.

**Engagement Partner: Nawaz Khan, FCA**

**Place: Lahore**

**Dated: October 21, 2017**



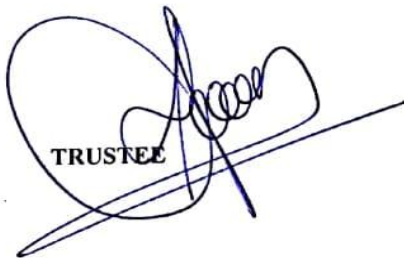
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**SAHARA FOR LIFE TRUST  
BALANCE SHEET  
AS AT JUNE 30, 2017**

	NOTE	2017 RUPEES	2016 RUPEES
<b><u>FUNDS AND LIABILITIES</u></b>			
<b>Fund Accounts</b>			
Accumulated funds		706,183,801	554,322,759
Endowment fund	5	50,540,000	50,540,000
		<u>756,723,801</u>	<u>604,862,759</u>
<b>Non Current Laibilities</b>			
Long Term Security Deposit	6	11,105,000	7,205,000
Liability against Asset subject to finance lease	7	761,634	-
		<u>11,866,634</u>	<u>7,205,000</u>
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	8	26,587,652	26,106,849
Current Portion of Lease Liability	7	393,882	-
Short term security deposits - employees		12,428,219	9,266,110
		<u>39,409,753</u>	<u>35,372,959</u>
<b>Contingencies and Commitments</b>		-	-
		<u>808,000,188</u>	<u>647,440,718</u>
<b><u>ASSETS</u></b>			
<b>Non Current Assets</b>			
Fixed Assets -Tangible	10	460,522,189	473,402,513
Capital work in progress	11	58,781,281	1,340,866
Long Term Investments	12	144,133,930	81,629,000
Long term security deposits		2,569,137	2,568,137
		<u>666,006,537</u>	<u>558,940,516</u>
<b>Current Assets</b>			
Inventories	13	11,801,720	11,908,655
Advances, deposits, prepayments and other receivables	14	30,686,081	25,463,622
Cash and bank balances	15	99,505,850	51,127,925
		<u>141,993,651</u>	<u>88,500,202</u>
		<u>808,000,188</u>	<u>647,440,718</u>

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

  
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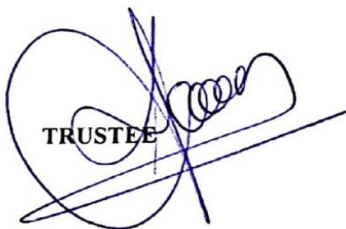
  
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**SAHARA FOR LIFE TRUST  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2017**

	NOTE	2017 RUPEES	2016 RUPEES
<b>Sughra Shafi Medical Complex (SSMC)</b>			
Receipts - SSMC	16	148,432,470	143,986,908
Expenditures - SSMC	17	(284,589,023)	(202,936,432)
		(136,156,553)	(58,949,524)
<b>Sahara Medical College (SMC)</b>			
Receipts - SMC	18	162,212,419	74,870,700
Expenditures - SMC	19	(110,385,649)	(91,510,900)
		51,826,770	(16,640,200)
<b>(Deficit) from SSMC AND SMC Projects</b>		(84,329,783)	(75,589,724)
<b>Other Receipts</b>	20	292,829,465	210,877,643
<b>Other Operating Expenditures:</b>			
General and administration expenses	21	(53,475,925)	(46,968,322)
Other projects expenses	22	(475,168)	(670,091)
Financial charges	23	(267,003)	(286,828)
Other Expenses	24	(2,420,544)	-
		(56,638,640)	(47,925,241)
<b>Surplus for the year</b>		<u>151,861,042</u>	<u>87,362,678</u>

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

  
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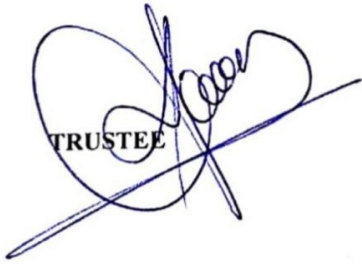
  
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**SAHARA FOR LIFE TRUST**  
**STATEMENT OF CHANGES IN FUND ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Accumulated funds Rupees	Endowment Fund Rupees	Total Funds Rupees
<b>Balance as at 1st July 2015</b>	466,960,081	-	466,960,081
Surplus for the year	87,362,678	50,540,000	137,902,678
<b>Balance as at 30 June 2016</b>	<b>554,322,759</b>	<b>50,540,000</b>	<b>604,862,759</b>
Increase in endowment fund during the year	-	-	-
Surplus for the year	151,861,042	-	151,861,042
<b>Balance as at 31 DEC 2017</b>	<b>706,183,801</b>	<b>50,540,000</b>	<b>756,723,801</b>

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

  
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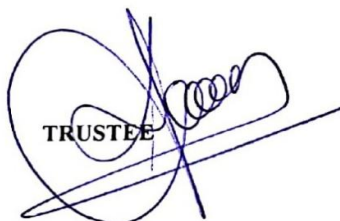
  
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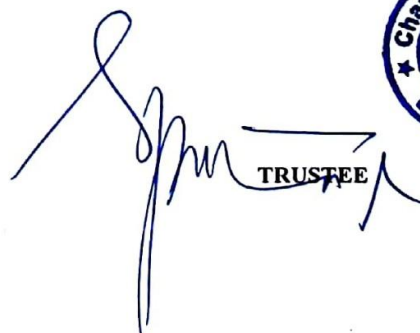


**SAHARA FOR LIFE TRUST  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

	2017 RUPEES	2016 RUPEES
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the year	151,861,042	87,362,678
Adjustment For:		
Depreciation	30,558,025	20,046,849
APFD Writen Off	-	(3,275,595)
Financial charges	267,003	286,828
Loss/(gain) on disposal	(544,362)	
Interest received	(4,688,913)	(906,955)
Operating cash flow before working capital changes	177,452,795	103,513,805
Changes in working capital		
(Increase)/decrease in current assets		
Inventories	106,935	(5,361,995)
Advances,deposits,prepayments and other receivables	(5,222,458)	18,872
Increase/(decrease) in current liabilities		
Creditors,accrued and other liabilities	480,803	(10,236,343)
Deferred income	-	(45,990,000)
Short term security deposits	3,162,109	710,360
	(1,472,611)	(60,859,106)
Cash generated from operations	175,980,184	42,654,699
Finance charges paid	(267,003)	(286,828)
<b>Net cash from operating activities</b>	175,713,181	42,367,871
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(18,433,340)	(213,952,647)
Capital work in progress	(57,440,415)	199,454,194
Long Term Investments	(62,504,930)	(81,629,000)
Endowment Fund	-	50,540,000
Long Term Security Payable- Students SMC	3,900,000	7,205,000
Lease Liability	1,155,516	
Long term security deposits	(1,000)	-
Fixed assets disposal receipts/adjustments	1,300,000	
Interest received	4,688,913	906,955
<b>Net cash used in investing activities</b>	(127,335,256)	(37,475,498)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	-	-
Net increase/(decrease) in cash & bank balances	48,377,925	4,892,373
Cash & cash equivalent at the beginning of year	51,127,925	46,235,552
<b>Cash &amp; cash equivalent at the end of year</b>	99,505,850	51,127,925

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, 2017**

**1 LEGAL STATUS AND NATURE OF 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 350 bed hospital. The second project namely "Sahara Medical College" (SMC) is also functional 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, 2017**

There were certain new standards and amendments to the approved accounting standards which became effective during the year ended June 30, 2017 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 disposal.

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

#### 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.

	2017 RUPEES	2016 RUPEES
<b>6 Long Term Security Deposit</b>		
Security payable to SMC students	11,105,000	7,205,000
	<u>11,105,000</u>	<u>7,205,000</u>
<b>7 Liability against Asset subject to Finance Lease</b>		
Not Later than one year	502,944	-
Later than one year but not later than five years	838,138	-
<b>Total future minimum lease payments</b>	<u>1,341,082</u>	<u>-</u>
<b>Less: Finance cost allocated to future periods</b>		
Not Later than one year	109,062	-
Later than one year but not later than five years	76,504	-
<b>Present value of minimum lease payment</b>	<u>1,155,516</u>	<u>-</u>
<b>Less: Current portion shown under Current Liabilities</b>	<u>393,882</u>	<u>-</u>
<b>Liability against Asset subject to Finance Lease</b>	<u>761,634</u>	<u>-</u>

Lease term is four years starting from March 2017 to Feb 2020 and installment is payable at start of every month. Implicit Rate Is 11.27%

The Amount of future payment under the lease agreement and the period in which these payments will become due are as follow:

<b>8 Creditors, accrued and other liabilities</b>		
Creditors and bill payables	4,363,643	4,627,649
Accrued and other liabilities	13,698,854	16,726,276
Advances from Patients	118,467	93,195
Advances from suppliers and others	8,406,688	4,659,729
	<u>26,587,652</u>	<u>26,106,849</u>

**9 Contingencies and Commitments**

There were no major contingencies and commitments as at balance sheet date.



10 Fixed Assets Tangible

	2017	2016
NOTE	RUPEES	RUPEES

Head Office & SSMC	10.1	208,769,227	209,045,767
Sahara Medical College	10.2	251,752,963	264,356,746.0
		<u>460,522,189</u>	<u>473,402,513</u>

10.1 Head Office & SSMC

Particulars	C O S T			D E P R E C I A T I O N				Written down value as at June 30, 2017
	As at July 01, 2016	Transfer/ Additions/ (Deletions)	As at June 30, 2017	Rate %	As at July 01, 2016	For the year/(Adjustment)	As at June 30, 2017	
<b>Owned Assets</b>								
Land	22,570,362	-	22,570,362	-	-	-	-	22,570,362
Building	158,067,469	-	158,067,469	5	64,942,374	4,656,255	69,598,628	88,468,841
Furniture and Fixture	10,441,257	498,954	10,940,211	10	4,569,421	609,895	5,179,316	5,760,895
Vehicles	25,130,381	-	23,527,641	20	18,939,297	1,238,217	19,330,412	4,197,229
		(1,602,740)				(847,102)		
Computers	7,240,926	223,600	7,464,526	20	5,666,571	342,344	6,008,915	1,455,611
Air Conditioner	3,547,488	162,000	3,709,488	10	1,191,671	236,932	1,428,602	2,280,886
Donation Boxes	1,079,798	12,750	1,092,548	33	896,903	60,706	957,609	134,939
Other Assets	13,413,381	1,075,096	14,488,477	10	4,974,603	876,947	5,851,550	8,636,927
Medical & Surgical equipment	134,202,757	10,621,308	141,621,931	10	65,467,214	7,000,703	69,265,784	72,356,147
		(3,202,134)				(3,202,134)		
<b>Subtotal</b>	<b>375,693,819</b>	<b>12,593,708 (4,804,874)</b>	<b>383,482,653</b>		<b>166,648,052</b>	<b>15,021,999 (4,049,236)</b>	<b>177,620,816</b>	<b>205,861,837</b>
<b>Leased Assets</b>								
Leased Vehicles	-	3,115,060	3,115,060	20	-	207,671	207,671	2,907,389
<b>Subtotal</b>	<b>-</b>	<b>3,115,060</b>	<b>3,115,060</b>		<b>-</b>	<b>207,671</b>	<b>207,671</b>	<b>2,907,389</b>
<b>Total 2017</b>	<b>375,693,819</b>	<b>15,708,768 (4,804,874)</b>	<b>386,597,713</b>		<b>166,648,052</b>	<b>15,229,670 (4,049,236)</b>	<b>177,828,486</b>	<b>208,769,227</b>
<b>Total 2016</b>	<b>429,950,826</b>	<b>(54,257,007)</b>	<b>375,693,819</b>		<b>153,729,706</b>	<b>12,918,346</b>	<b>166,648,052</b>	<b>209,045,767</b>

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	2017	2016
	RUPEES	RUPEES
Expenditures - SSMC	13,706,703	14,574,547
General and administration expenses	1,522,967	1,619,394
	<u>15,229,670</u>	<u>16,193,941</u>

Allocation of depreciation:  
Expenditures - SSMC  
General and administration expenses

#### 10.2 Sahara Medical College

Particulars	C O S T			D E P R E C I A T I O N				Written down value as at June 30, 2017
	As at July 01, 2016	Transfer/ Additions/ (Deletions)	As at June 30, 2017	Rate %	As at July 01, 2016	For the year/(Adjustment)	As at June 30, 2017	
Land	11,835,050	-	11,835,050	-	-	-	-	11,835,050
Building	206,880,216	-	206,880,216	5	2,586,003	10,214,711	12,800,714	194,079,502
Furniture and Fixture	9,239,202	16,026	9,255,228	10	230,980	901,490	1,132,470	8,122,758
Computers	1,663,572	11,000	1,674,572	20	83,179	316,515	399,694	1,274,878
Electric Equipment & Installation	25,843,193	50,100	25,893,293	10	634,035	2,523,746	3,157,781	22,735,512
Other Assets	1,435,266	-	1,435,266	10	35,882	139,938	175,820	1,259,446
Lab Tools and Equipment	11,313,155	2,647,446	13,960,601	10	282,829	1,231,955	1,514,784	12,445,817
<b>Total 2017</b>	<b>268,209,654</b>	<b>2,724,572</b>	<b>270,934,226</b>		<b>3,852,908</b>	<b>15,328,355</b>	<b>19,181,263</b>	<b>251,752,963</b>
<b>Total 2016</b>	<b>-</b>	<b>268,209,654</b>	<b>268,209,654</b>		<b>-</b>	<b>3,852,908</b>	<b>3,852,908</b>	<b>264,356,746</b>





		2017	2016
		RUPEES	RUPEES
<b>11 Capital work in progress</b>			
Construction of Sahara Medical College	11.1	57,440,415	-
Construction of Sahara School		1,340,866	1,340,866
		<u>58,781,281</u>	<u>1,340,866</u>
11.1 Construction of Sahara Medical College			
Opening balance		-	199,856,712
Additions during the year		57,440,415	68,352,942
		57,440,415	268,209,654
Less: Capitalized during the year		-	268,209,654
		<u>57,440,415</u>	<u>-</u>
<b>12 Long Term Investments</b>			
Investment in Save Heaven commercial market	12.1	31,969,290	31,629,000
Investment in TDRs - Summit bank	12.2	50,000,000	50,000,000
Investment in properties	12.3	62,164,640	-
		<u>144,133,930</u>	<u>81,629,000</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.		
12.3	The Board of Governors of the Sahara for Life Trust approved the purchase of rented property (Plot # 50 and 50A, each 400 Sq. Yards, at Cantt Lahore) which was immediately for sale by the owners. Since the Cantonment Board does not allow the purchase of property to the commercial person, the property got registered in the name of the trustee. The trustee was under obligation to transfer the amount to the Trust after sale of these particular property in near future.		
<b>13 Inventories</b>			
Stock of medicines		11,394,381	11,594,871
Fuel stock		407,339	313,784
		<u>11,801,720</u>	<u>11,908,655</u>
<b>14 Advances, deposits, prepayments and other receivables</b>			
Advances to suppliers-for building materials		7,370,924	8,770,812
Advances to staff		4,958,234	3,013,379
Advance for expenses		12,754,377	9,270,963
Bill receivable from lab franchises		1,541,692	1,026,370
Security deposit		534,088	484,088
Withholding tax deposit		517,745	448,119
Prepaid insurance		1,705,404	429,904
Other prepayments		1,282,266	1,977,798
Advances for services and goods		21,351	42,189
		<u>30,686,081</u>	<u>25,463,622</u>
<b>15 Cash and bank balances</b>			
Cash in hand		1,885,539	2,844,214
Cash at banks	15.1	97,620,311	48,283,711
		<u>99,505,850</u>	<u>51,127,925</u>
15.1 Cash at banks			
Local currency account			
Current accounts		62,340,990	42,200,916
PLS accounts		26,187,699	4,232,603
		88,528,689	46,433,519
Foreign currency account		9,091,622	1,850,192
		<u>97,620,311</u>	<u>48,283,711</u>



		2017 RUPEES	2016 RUPEES
<b>16 Receipts - SSMC</b>			
Receipts from hospital		146,874,036	139,926,715
Receipts from lab centers		1,558,434	4,060,193
		<u>148,432,470</u>	<u>143,986,908</u>
<b>17 Expenditures - SSMC</b>			
Medicines Consumed	17.1	93,176,226	58,813,044
Salaries, Consultant Fees and other benefits		128,725,976	87,355,237
Hospital supplies		1,531,023	911,220
Utility bills		11,523,715	10,034,570
Ambulance running and maintenance		3,344,763	4,109,050
Printing and stationery		1,201,425	1,196,493
Publicity & advertisement		22,566,595	17,858,128
Computer accessories consumption		84,218	158,180
Hospital maintenance		2,916,424	4,196,756
Scrape and Obsolete Assets Written Off		4,524,449	1,536,046
Fee & Subscription		575,600	-
Insurance vehicles		465,772	1,947,101
Depreciation	10.1	13,706,703	14,574,547
Miscellaneous		246,134	246,060
		<u>284,589,023</u>	<u>202,936,432</u>
17.1 Medicines Consumed			
Opening stocks		11,594,871	6,092,615
Purchases & Financial Support		92,975,736	64,315,300
		104,570,607	70,407,915
Less: Closing stock		(11,394,381)	(11,594,871)
		<u>93,176,226</u>	<u>58,813,044</u>
<b>18 Receipts - SMC</b>			
Fee & Other charges received from Students of SMC		162,212,419	74,870,700
		<u>162,212,419</u>	<u>74,870,700</u>
<b>19 Expenditures - SMC</b>			
Salaries & Wages		81,242,695	80,038,833
Student Registration		6,277,400	500,000
Travelling & Conveyance		67,902	650
Newspaper & Periodicals		420	1,680
Student Welfare		118,271	15,000
Entertainment Expenses		51,540	4,279
Student Mess Expenses		1,075,941	-
Building Maintenance		36,399	-
Lab Supplies & Consumables		142,140	-
Web Site Development Charges		30,000	-
Misc: Expenses		3,855	-
Repair & Maintenance Equipment		222,229	-
Legal & Professional		2,736,850	2,450,000
Utilities		2,706,412	-
Fire Insurance		335,670	-
Commission on Bank Gurantee		9,570	4,647,550
Depreciation	10.2	15,328,355	3,852,908
		<u>110,385,649</u>	<u>91,510,900</u>
<b>20 Other receipts</b>			
Donation in pak rupees		192,438,264	99,515,517
Donation in foreign currency		62,306,752	58,658,001
Zakat		31,313,252	27,281,784
Sadqa		51,500	43,900
Hides		431,710	195,110
Donation in kind		605,650	1,695,000
Interest on bank deposit		4,688,913	906,955
Income from Sale Of Scrap SSMC		202,968	68,820
Exchange rate gain		-	660,267
Gain on disposal of Asset		544,362	-
Others		246,094	268,681
Gain on disposal of land		-	21,583,608
		<u>292,829,465</u>	<u>210,877,643</u>



	2017 RUPEES	2016 RUPEES
<b>21 General and administration expenses</b>		
Salaries ,wages and other benefits	32,071,535	27,190,607
Travelling and conveyance	199,772	589,852
Utility bills	2,905,972	2,095,428
Internet	651,266	804,221
Printing and stationery	1,633,498	1,450,752
Computer accessories consumption	242,412	279,405
Entertainment	975,388	923,639
Vehicle running and maintenance	2,995,310	3,091,034
Office maintenance	664,430	713,824
Rent, rates and taxes	4,631,632	4,569,420
Amortization & Other Charges	-	-
Legal and professional	394,810	518,810
Postage	2,714,450	732,124
Depreciation	1,522,967	1,619,394
Audit fee	220,000	200,000
Insurance	197,719	422,837
Office expenses & Miscellaneous	1,454,764	1,766,975
	<u>53,475,925</u>	<u>46,968,322</u>
<b>22 Project and Other Expenses</b>		
Concern Worldwide-Rapid fund-Shelter	-	51,602
PGIS Project	475,168	618,489
	<u>475,168</u>	<u>670,091</u>
<b>23 Financial charges</b>		
Bank charges	267,003	286,828
	<u>267,003</u>	<u>286,828</u>
<b>24 Other Expenses</b>		
Exchange rate loss	2,420,544	-
	<u>2,420,544</u>	<u>-</u>
<b>25 FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>Financial assets as per balance sheet</b>		
Long term deposits	2,569,137	21,097,343
Loans and advances	25,104,886	484,088
Trade deposits	534,088	51,127,925
Cash and bank balances	99,505,850	75,277,493
	<u>127,713,961</u>	<u>147,986,849</u>
<b>Financial liabilities as per balance sheet</b>		
Trade and other payables	12,888,798	9,266,110
Trade deposits	12,428,220	18,646,683
	<u>25,317,018</u>	<u>27,912,793</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.

	2017 RUPEES	2016 RUPEES
Donation in foreign currency	62,306,752	58,658,001
Cash at bank in foreign currency	9,091,622	1,850,192
Net exposure	161,812,602	109,785,926

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.127,713,961 (2016: Rs. 75,277,493), the financial assets exposed to credit risk amount to Rs.87,077,630 (2016: Rs. 56,630,810).

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:

	2017 RUPEES	2016 RUPEES
Long term deposits	2,569,137	2,568,137
Loans and advances	25,104,886	21,097,343
Trade deposits	534,088	484,088
Cash and bank balances	99,505,850	51,127,925
	<u>127,713,961</u>	<u>75,277,493</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-I	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

JUNE 2017 (Rupees)			
Carrying Amount	Less than 1 year	1 to 5 years	More than 5 years
26,587,652	26,587,652	-	-
12,428,219	12,428,219	-	-
<b>39,015,871</b>	<b>39,015,871</b>	-	-

**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	-	-
<b>35,372,959</b>	<b>35,372,959</b>	-	-

**27 AUTHORIZATION OF FINANCIAL STATEMENTS**

These accounts have been authorized for issue by the Board of Trustees of the Trust on December 21, 2017.

**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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