

IHSAN TRUST

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2016**



A.F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

We have audited the accompanying financial statements of **Ihsan Trust** (the Trust) which comprise of the balance sheet as at December 31, 2016, and the related income and expenditure account, the statement of changes in accumulated fund and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in conformity with the basis of preparation stated in note 2 to the financial statements, and for such internal control as the Trustees 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 judgement, including the assessment of the risk 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 the Trustees, 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, the financial position of the Trust as at December 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with the basis of preparation stated in note 2 to the financial statements.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: November 30, 2017

Karachi

IHSAN TRUST
BALANCE SHEET
AS AT DECEMBER 31, 2016

	Note	2016	2015	2014
		-----Rupees-----		
			(Restated)	(Restated)
Fund account				
Cede contribution		1,000	1,000	1,000
Accumulated surplus		88,214,629	47,305,586	24,721,796
		<u>88,215,629</u>	<u>47,306,586</u>	<u>24,722,796</u>
Represented by:				
Non-current assets				
Long-term loans	5	168,632,500	111,571,944	62,533,959
Current assets				
Investments	6	277,695,481	224,042,826	271,132,050
Advance against investment in sukuku		10,000,000	-	-
Current portion of long-term loans	5	31,536,736	15,519,100	14,846,004
Tax recoverable		6,005,605	2,134,171	1,390,883
Receivable from Wasil Foundation	7	5,259,644	-	-
Accrued income		48,782	1,431,733	2,761,544
Bank balances	8	28,779,693	113,625,634	52,426,078
		359,325,941	356,753,464	342,556,559
Total assets		<u>527,958,441</u>	<u>468,325,408</u>	<u>405,090,518</u>
Less: Non-current liabilities				
Deferred contributions	9	439,542,312	420,888,822	380,292,722
Less: Current liabilities				
Accrued and other liabilities		200,500	130,000	75,000
Total assets less liabilities		<u>88,215,629</u>	<u>47,306,586</u>	<u>24,722,796</u>

The annexed notes 1 to 18 form an integral part of these financial statements.

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IHSAN TRUST
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		-----Rupees-----	
			(Restated)
Income			
Unrestricted donations		2,771,904	3,599,038
Profit on sukus		439,767	5,730,458
Capital gain on sale of investments - net		14,775,291	3,402,148
Profit on savings account		1,490,291	1,753,457
Profit on Certificates of Islamic Investment		1,940,226	3,037,551
Profit on Mudarbah Investment		259,644	-
Dividend income		6,955,831	671,114
		<u>28,632,954</u>	<u>18,193,766</u>
Expenditure			
Grants in aid to outside institutions	10	1,451,500	682,000
Auditors' remuneration	11	70,500	65,000
Stipend expenses	12	233,235	176,000
Legal and professional charges		30,000	30,000
Other operating expenses		62,582	49,419
Others		-	37,500
		<u>1,847,817</u>	<u>1,039,919</u>
Other income			
Unrealised gain on revaluation of investments		14,123,906	5,429,943
Surplus before taxation		<u>40,909,043</u>	<u>22,583,790</u>
Taxation	13	-	-
Net surplus for the year transferred to 'fund account'		<u><u>40,909,043</u></u>	<u><u>22,583,790</u></u>

The annexed notes 1 to 18 form an integral part of these financial statements.

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IHSAN TRUST
 STATEMENT OF CHANGES IN ACCUMULATED FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Cede contribution	Surplus transferred from the income and expenditure account	Total
	----- Rupees -----		
Balance as at January 1, 2015 (Restated)	1,000	24,721,796	24,722,796
Surplus for the year (Restated)	-	22,583,790	22,583,790
Balance as at December 31, 2015 (Restated)	<u>1,000</u>	<u>47,305,586</u>	<u>47,306,586</u>
Surplus for the year	-	40,909,043	40,909,043
Balance as at December 31, 2016	<u><u>1,000</u></u>	<u><u>88,214,629</u></u>	<u><u>88,215,629</u></u>

The annexed notes 1 to 18 form an integral part of these financial statements.

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IHSAN TRUST
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
		-----Rupees-----	
		(Restated)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(2,876,847)	1,870,831
CASH FLOW FROM INVESTING ACTIVITIES			
Investments - net		(29,753,458)	55,921,315
Dividend received		6,955,831	671,114
Advance against investment in sukus		(10,000,000)	-
Finance income received		5,253,235	11,851,277
Net cash (outflow on) / inflow from investing activities		(27,544,392)	68,443,706
CASH FLOW FROM FINANCING ACTIVITIES			
Loans advanced during the year		(73,078,192)	(49,711,081)
Deferred contributions received during the year		18,653,490	40,596,100
Net cash outflow on financing activities		(54,424,702)	(9,114,981)
Net (decrease) / increase in cash and cash equivalents		(84,845,941)	61,199,556
Cash and cash equivalent at the beginning of the year		113,625,634	52,426,078
Cash and cash equivalent at the end of the year		<u>28,779,693</u>	<u>113,625,634</u>

The annexed notes 1 to 18 form an integral part of these financial statements.

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