

IHSAN TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

EY Forq Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
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Building a better  
working world

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## Independent Auditors' Report to the Trustees

### Opinion

We have audited the accompanying financial statements of Insan Trust (the Trust), which comprise of the statement of financial position as at 31 December 2021, and the income and expenditure account, the statement of changes in accumulated fund and the statement of cash flows for the year then ended, and the notes to financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting standards for Not for Profit Organization (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial Statements section of our report. We are independent of the Trust in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the code), and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Trustees for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Trustees are responsible for overseeing the Trust's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Erfan*

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 31 July 2023

UDIN: AR202110191YSr1c0sow  
Karachi

**IHSAN TRUST  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

**ASSETS**

Note 2021 2020  
Rupees

**NON-CURRENT ASSETS**

4	368,103,407	329,839,778
	148,640,957	58,530,000
5	516,744,364	388,469,778

**CURRENT ASSETS**

6	187,679,472	198,123,079
4	81,182,286	74,040,881
	34,004	-
20	17,665,027	15,636,319
	2,739,379	3,564,379
	1,224,360	654,238
7	19,792,687	59,233,900
	310,317,215	351,252,796

**TOTAL ASSETS**

827,061,579	739,722,574
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**LIABILITIES**

**CURRENT LIABILITIES**

Auditor's remuneration payable	331,940	276,900
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**NET ASSETS**

826,729,639	739,445,674
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**EQUITY**

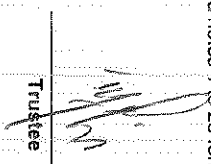
**FUND ACCOUNT**

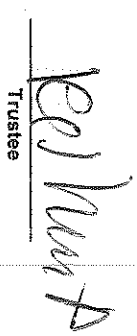
<b>Unrestricted</b>		
Cede contribution	1,000	1,000
Accumulated surplus	108,203,153	94,644,948
	108,204,153	94,645,948
<b>Restricted</b>		
Donation fund	19,737	2,878,169
Zakat fund	22,932	7,639,031
Qarz e Hasana fund - deferred contribution	718,482,817	634,282,526
	718,525,486	644,799,726
	826,729,639	739,445,674

**Contingencies & commitments**

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The annexed notes 1 to 26 form an integral part of these financial statements.

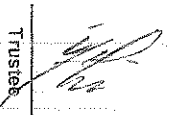
  
Trustee

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Trustee

**IHSAN TRUST  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Unrestricted		Restricted				2021	2020
	General Fund	Donation	Zakat	Garze Hasna				
<b>INCOME</b>								
Unrestricted donations	12	4,656,135	-	-	-	4,656,135	9,785,679	
Restricted donations		-	64,279	77,783	-	142,062	45,310,660	
Profit on investments	13	1,716,909	-	-	-	1,716,909	3,129,250	
Profit on savings account		1,235,149	31,145	34,487	-	1,300,791	3,402,522	
Dividend income	14	7,636,571	-	-	-	7,636,571	8,864,753	
Transfers from restricted fund - Net	15	-	-	-	1,360,327	1,360,327	2,479,576	
		15,244,764	95,424	112,280	1,360,327	16,812,795	72,972,440	
<b>EXPENDITURE</b>								
Allowance for delays in recoveries of long term loans - Net		-	-	-	-	-	-	
Donations	17	1,398,343	-	-	1,360,327	1,360,327	2,479,576	
Ration donated		-	2,952,731	7,728,379	-	11,398,343	32,941,592	
Auditor's remuneration	18	176,000	-	-	-	10,681,110	35,131,520	
Salary expenses		4,238,520	-	-	-	4,238,520	120,000	
Legal and professional charges		530,000	-	-	-	530,000	4,375,241	
Other operating expenses	19	202,902	1,125	-	-	204,027	-	
		(16,545,765)	(2,953,856)	(7,728,379)	(1,360,327)	(28,588,327)	(75,132,877)	
<b>OTHER INCOME</b>								
Unrealised gain / (loss) on revaluation of investments		14,859,206	-	-	-	14,859,206	(1,491,461)	
Surplus / (deficit) before taxation		13,558,205	(2,858,432)	(7,616,099)	-	3,083,674	(3,651,898)	
Taxation	20	-	-	-	-	-	-	
Net surplus / (deficit) for the year transferred to 'Fund Account'		13,558,205	(2,858,432)	(7,616,099)	-	3,083,674	(3,651,898)	

The annexed notes 1 to 26 form an integral part of these financial statements.

  
Trustee

  
Trustee

**IHSAN TRUST  
STATEMENT OF CHANGES IN ACCUMULATED FUND  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Unrestricted		Restricted			Total	
	Note Contribution	Cede Surplus	Accumulated Surplus	Donation	Zakat		Qarz e Hasna
Balance as at December 31, 2019	1,000		108,814,046	-	-	545,442,312	654,257,358
Surplus / (deficit) for the year	-		(14,169,098)	2,878,169	7,639,031	-	(3,651,898)
Additions	16		-	-	-	91,319,790	91,319,790
Transferred to Income and Expenditure Account			-	-	-	(2,479,576)	(2,479,576)
Balance as at December 31, 2020	1,000		94,644,948	2,878,169	7,639,031	634,282,526	739,445,674
Surplus / (deficit) for the year	-		13,559,205	(2,858,432)	(7,616,099)	-	3,083,674
Additions	16		-	-	-	85,560,618	85,560,618
Transferred to Income and Expenditure Account			-	-	-	(1,360,327)	(1,360,327)
Balance as at December 31, 2021	1,000		108,203,153	19,737	22,932	718,482,817	826,729,539

The annexed notes 1 to 26 form an integral part of these financial statements.

  
Trustee

  
Trustee

**IHSAN TRUST  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

Note 2021 2020  
-----Rupees-----

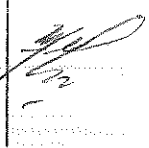
**CASH FLOW FROM OPERATING ACTIVITIES**  
Cash utilised in operations 21 (24,181,482) (19,091,130)

**CASH FLOW FROM INVESTING ACTIVITIES**  
Investments made during the year (90,112,027) (108,530,000)  
Investments redeemed during the year 21,925,891 491,000  
Dividend received 5,813,771 3,372,489  
Finance income received 8,217,377 5,949,841  
Net cash outflow from investing activities (54,154,988) (98,716,670)

**CASH FLOW FROM FINANCING ACTIVITIES**  
Loan disbursed during the year (110,732,788) (87,313,166)  
Recovery of loans during the year 64,067,427 55,828,829  
Deferred contributions received during the year 85,560,618 91,319,790  
Net cash inflow from financing activities 38,895,257 59,835,453  
Net decrease in cash and cash equivalents (39,441,213) (57,972,347)  
Cash and cash equivalent at the beginning of the year 59,233,900 117,206,247  
Cash and cash equivalents at the end of the year 19,792,687 59,233,900

The annexed notes 1 to 26 form an integral part of these financial statements.

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Trustee

  
Trustee

**IHSAN TRUST**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. LEGAL STATUS AND ACTIVITIES**

1.1 Ihsan Trust (the Trust), is a charitable trust formed on January 7, 2010 under the provision of Trust Act 1882, for charitable and public welfare purposes. The status of the Trust as a non-profit organization has been approved by the Commissioner of Income Tax, vide letter No. CIR/Legal Division/RTO/KYC/09/2834 dated March 13, 2010. The continuing validity of the Trust's approval under section 2(36) of the Income Tax Ordinance, 2001 read with Rule 214 of the Income Tax Rules, 2002 is subject to the conditions as laid down in Rule 217 of the Income Tax Rules, 2002. The registered office of the Trust is situated at Shop No. 4, Plot No.COM-7/1, Block No. 2, K.D.A. Scheme No. 5, Clifton, Karachi. The charitable and public welfare purposes referred to above shall be as follows:

- (a) The advancement, promotion, encouragement and propagation of education and skill development and for such purposes the Trustees may set up educational institutions, technical training and work centers, make advances (Qarz e Hasna), payments or donations and grant scholarships, stipends or otherwise to poor and needy individuals studying in schools and colleges or any educational, vocational, commercial or technical institutions.
- (b) Promotion of Islamic culture amongst muslims through Islamic education and creation of Islamic awareness through arranging educational courses in order to preach teachings of Islam and for this purpose, granting stipends, scholarships and loans.
- (c) Improvement and betterment of public health and hygiene, immediate medical relief and rehabilitation of the sick and affecteds of any natural disaster or calamity, and for that purpose initiation, sponsoring and financing of health schemes, setting up of hospitals, dispensaries etc.
- (d) Establishment and operation of orphanages and organization of social welfare works to help disabled and senior citizens.
- (e) Rural development.
- (f) Arrangement and financing of marriages of poor and needy girls.
- (g) Financial assistance of indebted poor people.
- (h) Aid and technical help for economic uplift of the poor and needy.
- (i) Any other object of general public utility and welfare.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of Revised Accounting and Financial Reporting Standard for Small-Sized Entities (Revised AFRS for SSEs) and Accounting Standards for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Accounting convention**

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

**3.2 Restricted funds**

Under the deferral method, restricted contributions received for the purpose of Qarz e Hasna are accumulated as deferred contributions. Such contributions may be utilised for loans to students and for expenses of one or more future periods. These are recognized as revenue in the same period or periods as the related expenses are recognized.

Restricted funds which are received for the purpose of Donation and Zakat are recognised as an income of the relevant restricted fund and related expenses are recognised in the period in which these are incurred.

**3.3 Unrestricted funds**

Funds received for granting general donations or normal operations of the Trust, without any restrictions, are classified as unrestricted funds. These donations are recognised as income when received in the general fund. The expenses incurred against such funds are recognised in the income and expenditure account as and when incurred.



### 3.4 Investments

#### 3.4.1 Classification, recognition and measurement

The Trust initially measures its financial assets at fair value. Subsequently these are measured at amortized cost, except for investments in equity instruments / mutual fund. Investments in equity instruments that are quoted in an active market is measured at fair value and investments in equity instruments that do not have active market is measured at cost less impairment, if any. Investment in mutual funds are measured at net assets value and accordingly changes in fair value is recognized in income and expenditure account.

#### 3.4.2 Derecognition

Investments are derecognised when the right to receive cash flows from the investments have expired, have been realized or transferred and the Trust has transferred substantially all risks and rewards of ownership.

On disposal, the difference between net disposal proceeds and the carrying amount is recognized as income / expense.

### 3.5 Long-term loans

Long-term loans are stated at cost. Loans considered irrecoverable are written off. Allowances are made against those loan which are delayed beyond their term as per the policy of the Trust.

### 3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

### 3.7 Provisions

Provisions are recognized in the balance sheet when the Trust has a present legal or constructive obligation as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation of which reliable estimate can be made. Provisions are reviewed periodically and adjusted to reflected the current best estimates.

### 3.8 Taxation

The Trust is eligible for hundred percent (100%) tax credits on taxes payable by the Trust under clause (a) of sub-section 2 of Section 100C of the Income Tax Ordinance, 2001.

### 3.9 Income recognition

- Donations received without any specific conditions are recognised on a receipt basis.
- Donations received with any specific conditions are recognised in the same period or periods as the related expenses are recognised.
- Donations received in kind are recognised at fair value.
- Profit on savings account is recognised on an accrual basis.
- Profit on certificate of Islamic investments is recognised on an accrual basis.
- Profit on sukuk is recognised on an accrual basis.
- Gain or loss arising on sale of investments is included in the income and expenditure account.

### 3.10 Offsetting of assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Trust has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense arising from such assets and liabilities are also offset accordingly.

### 3.11 Functional and presentation currency

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

4. LONG TERM LOANS

Loans at the beginning of the year  
Add: Loans disbursed during the year

Less: Recovery of loans

Less: Current portion of long-term loans  
Long term Loans

Less: Provision against long-term loans

Note	2021	2020
	408,535,866	377,051,529
	110,732,788	87,313,166
4.1	519,268,654	464,364,695
	<u>(64,067,427)</u>	<u>(55,828,829)</u>
	455,201,227	408,535,866
	<u>(81,182,286)</u>	<u>(74,040,881)</u>
	374,018,941	334,494,985
	<u>(5,915,534)</u>	<u>(4,555,207)</u>
	<u>368,103,407</u>	<u>329,939,778</u>

4.1 These represent unsecured loans advanced as Qarz e Hasna mainly to various deserving and needy students to finance their tuition expenses. The Trust has entered into Memorandums of Understanding (MOUs) with educational institutions and students for a period ranging between two to five years.

5. LONG TERM INVESTMENTS

Ijarah / Sukuk certificates  
Term deposit receipts

Note	2021	2020
5.1	68,640,957	58,530,000
5.2	80,000,000	-
	<u>148,640,957</u>	<u>58,530,000</u>

5.1 Ijarah / Sukuk certificates - At Amortized Cost

Name of the Investee Company	As at 01 Jan 2020	Purchases during the year	Sold/ matured during the year	As at 31 Dec 2021	Book Value as at 31 Dec 2021	Profit Rate	Issue Date	Maturity Date
		Face value (Rupees)						
GOP 20-GIS VRR-18	25,000,000	-	-	25,000,000	25,000,000	6.63%-7.53%	30-Apr-20	30-Apr-25
GOP 21-GIS VRR-19	25,000,000	-	-	25,000,000	25,000,000	7.1%-10.08%	29-May-20	29-May-25
GIS-VRR 24 (2nd RO)	-	10,000,000	-	10,000,000	10,110,957	8.70%	29-Oct-21	29-Oct-26
K-Electric	8,530,000	-	-	8,530,000	8,530,000	Kibor + 1.7%	3-Aug-20	2-Aug-27
<b>Total as at 31 December 2021</b>	<b>58,530,000</b>	<b>10,000,000</b>	<b>-</b>	<b>68,530,000</b>	<b>68,640,957</b>			
<b>Total as at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,530,000</b>	<b>58,530,000</b>			

5.2 Term deposit receipts - At Amortized Cost

Name of the Investee Company	As at 01 Jan 2020	Purchases during the year	Sold/ matured during the year	As at 31 Dec 2021	Book Value as at 31 Dec 2021	Profit Rate	Issue Date	Maturity Date
Meerzan Bank Limited-COI	-	80,000,000	-	80,000,000	80,000,000	6.19%-7.0%	29-Jul-21	29-Jan-23
<b>Total as at 31 December 2021</b>	<b>-</b>	<b>80,000,000</b>	<b>-</b>	<b>80,000,000</b>	<b>80,000,000</b>			
<b>Total as at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			

6. SHORT TERM INVESTMENTS

Sukkuk  
Mutual Funds  
REITS

Note	2021	2020
6.1	-	491,000
6.2	163,359,472	176,432,079
6.3	24,320,000	21,200,000
	<u>187,679,472</u>	<u>198,123,079</u>

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## 6.1 Sukkus - At Amortized Cost

Name of the Investee Company	As at 01 Jan 2020	Purchases during the year	Sold/ matured during the year	As at 31 Dec 2021	Book Value as at 31 Dec 2021	Profit Rate	Issue Date	Maturity Date
Fatima Fertilizers Company Limited	491,000	-	(491,000)	-	-	KIBOR + 1.1%	Dec-17	Nov-21

Face Value (Rupees)

Total as at 31 December 2021	491,000	-	(491,000)	-	-			
Total as at 31 December 2020	491,000	-	-	491,000	491,000			

## 6.2 Investments in Mutual Funds - At Fair Value through Income and Expenditure

	2021	2020	2021	2020
	Number of units		Rupees	Rupees
Mezzan Cash Fund - Related party	0.3	-	4,802,236	13,886,161
Mezzan Islamic Fund - Related party	77,880	193,403	625,931	50,007,112
Mezzan Islamic Income Fund - Related party	12,005	961,452	43,844,337	62,634,757
Mezzan Asset Allocation Fund - Related party	742,094	1,060,134	58,892,970	8,421,394
Mezzan Energy Fund - Related Party	-	136,971	21,777	-
Mezzan Rozana Arndani Fund - Related Party	1,177,859	-	61,982,253	60,054,163
NBP Islamic Money Market Fund	2,134	5,742,015	200,439	189,679
NBP Riba Free Savings Fund	6,057,528	1,945	244,241	232,747
MCB Islamic Income Fund	2,051	2,049	170,614,199	195,426,013
UBL Ameen Islamic Asset Allocation Fund	2,139	8,097,969	(7,254,727)	(18,993,934)
	8,073,690			

Less: Unrealized loss on revaluation of investments

## 6.3 Investments in REITs - At Fair Value through Income and Expenditure

Dolmen City REIT - Listed	2,000,000	2,000,000	22,249,654	22,249,654
			2,070,346	(1,049,654)
Less: Unrealized Gain / (Loss) on revaluation of investments	2,000,000	2,000,000	24,320,000	21,200,000

## 7. BANK BALANCES

Saving Accounts	7.1	19,792,687	59,233,900
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7.1 Saving accounts are maintained with Mezzan Bank Limited, a related party, and carry rate of return ranging from 3.71% to 6.56% (2020: 2.75% to 7.43%) per annum.

## 8. DONATION FUND - RESTRICTED FUND

This balance represent donations received by the Trust during the current year from the related parties, Mezzan Bank Limited and general public. This shall be used in providing ration to the deserving people who got affected due to global pandemic of COVID-19 under Ration distribution scheme and accordingly has been categorized as restricted fund and has been recognized as direct increase in the net assets under section 6.60 of Accounting Standard for Not for Profit organization.

The balance is represented by:

Bank balances	2021	2020
Withholding tax	19,737	2,854,506
	19,737	23,663
	19,737	2,878,169

Rupees

**9. ZAKAT FUND - RESTRICTED FUND**

This balance represent donations received by the Trust during the current year from general public. This shall be used in providing ration to the deserving people who met the Zakat criteria and have gotten affected due to global pandemic of COVID-19 under Ration distribution scheme and accordingly has been categorized as restricted fund and has been recognized as direct increase in the net assets under section 6.60 of Accounting Standard for Not for Profit organization.

	2021	2020
	Rupees	Rupees
The balance is represented by:		
Bank balances	22,932	7,616,056
Withholding tax	22,932	22,975
	<u>22,932</u>	<u>7,639,031</u>

**10. CARZ E HASNA FUND - DEFERRED CONTRIBUTION**

This balance represent donations received by the Trust over the years from the related parties, Meezan Bank and Al Meezan Investment Management Company Limited. This shall be used in providing loans to the students under interest free loan scheme and accordingly has been categorized as restricted fund and has been recognized as direct increase in the net assets under section 6.35 of Accounting Standard for Not for Profit organization. This is revolving fund as repayments received from the loans will be reused for fresh disbursements to the students. Any difference between the grant amount and loans can be invested in shares and securities or can be kept in the bank accounts as per the needs an requirements of the Trust.

As per the instructions of donors, income generated from such investments can be utilised for general purpose by the Trust.

The funds disbursed / allocated from the restricted funds as interest free loan (Carz e Hasna) are reflected and disclosed in the note 4 of these financial statements.

	Note	2021	2020
		Rupees	Rupees
The balance is represented by:			
Loans and advances	10.1	453,125,597	406,460,235
Investments	10.2	248,732,007	198,123,078
Bank balances		16,625,213	29,699,213
		<u>718,482,817</u>	<u>634,282,526</u>

**10.1 Loans and advances**

Opening	406,460,235	374,975,898
Disbursed from restricted donations	110,732,788	87,313,166
Less: Recovery of loans	(64,067,427)	(55,828,829)
Closing	<u>453,125,597</u>	<u>406,460,235</u>

**10.2 Investments**

Opening	198,123,078	143,540,347
Investments during the year	66,882,704	55,073,731
Divestments during the year	(16,273,775)	(491,000)
Closing	<u>248,732,007</u>	<u>198,123,078</u>

**11. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at 31 December 2021 (30 December 2020: Nil).

	2021	2020
	Rupees	Rupees
<b>12. UNRESTRICTED DONATIONS</b>		
Nafa Islamic	2,125,000	4,850,000
Dubai Islamic Bank	1,200,000	2,500,000
UBL Funds	-	400,000
Habib University Foundation	344,722	321,000
MCB Araf Habib	986,413	461,440
Miscellaneous donation	4,656,135	1,253,239
	<u>4,656,135</u>	<u>9,785,679</u>

W/B

**13. PROFIT ON INVESTMENTS**

Note	2021	2020
	----- Rupees -----	----- Rupees -----

Income on Investments	4,319,324	2,613,422
Income on Certificate on Islamic Investments - (COII)	2,241,183	-
Capital gain / (loss) on Sale of Investments - Net	(4,843,599)	515,827
	<u>1,716,909</u>	<u>3,129,249</u>

**13.1** This represents the income earned on investments pertaining to the unrestricted fund and Qarz e Hasna restricted fund. As per the instructions of donors of Qarz e Hasna restricted fund, income generated from such investments can be utilised for general purpose by the Trust.

2021	2020
----- Rupees -----	----- Rupees -----

**14. DIVIDEND INCOME**

Dividend Income from Mutual Funds	4,996,571	6,564,753
Dividend Income from Dolmen City REIT	2,640,000	2,300,000
	<u>7,636,571</u>	<u>8,864,753</u>

**15. TRANSFERS FROM RESTRICTED FUND**

This represents the amount that has been transferred from Qarz e Hasna restricted fund to Income and Expenditure Account to the extent of related expenses incurred during the year.

2021	2020
----- Rupees -----	----- Rupees -----

**16. RESTRICTED DONATIONS**

Meezan Bank Limited	63,000,000	83,000,000
Meezan Bank Limited's staff contribution for COVID-19 (face mask)	6,750,000	-
Al Meezan Investment Management Limited	7,000,000	7,500,000
Pak National Distributors (PND) - Net	1,414,993	819,790
Hamdard University Foundation	5,000,000	-
Habib University Foundation	2,395,625	-
	<u>85,560,618</u>	<u>91,319,790</u>

**17. DONATIONS**

Name of Institutions	2021	2020
IBA National Talent Hunt Programme	11,298,343	32,677,345
Fatimid Foundation	100,000	-
Liaquat National Hospital	-	264,247
	<u>11,398,343</u>	<u>32,941,592</u>

**18. AUDITOR'S REMUNERATION**

Audit fee	150,000	100,000
Out of pocket expenses	16,000	20,000
	<u>176,000</u>	<u>120,000</u>

**19. OTHER OPERATING EXPENSES**

Donation Boxes	1,234	2,669
Travelling expenses	15,000	12,500
Communication charges	144,160	57,500
Website development charges	17,289	7,754
Bank charges	24,148	4,525
Other charges	1,071	-
Amortization of premium	202,902	84,948
	<u>202,902</u>	<u>84,948</u>

## 20. TAXATION

The income of the Trust is exempt from tax for the tax year 2022 under section 100C of the Income Tax Ordinance, 2001. As per Section 100C, non-profit organisations, trusts or welfare organisations as mentioned in sub section 2 of section 100C shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum and final tax payable under any of the provisions of the Income Tax Ordinance, 2001, subject to the following conditions, namely:

- (a) return has been filed;  
 (b) tax required to be deducted or collected has been deducted or collected and paid; and  
 (c) withholding tax statements for the immediately preceding tax year have been filed.

The operations of the Trust fall within the purview of clause (a) of sub-section 2 of Section 100C of the Income Tax Ordinance, 2001 and the Trust intends to comply with the above-mentioned requirements, hence the Trust will be eligible to claim tax credit equal to 100 percent of the tax payable by the Trust and consequently no charge has been recognised in these financial statements for the year ended December 31, 2021.

Tax withheld by different banks and Asset Management Companies as stated in the financial statements as Tax Recoverable will also be claimed by the Trust once the exemption letter is issued.

## 21. CASH (UTILISED IN) / GENERATED FROM OPERATIONS

	Note	2021	2020
		Rupees	
Surplus / (deficit) before taxation		3,083,674	(3,651,898)
Adjustments for:			
Profit on savings account		(1,300,791)	(3,402,522)
Profit on investment		(6,560,506)	(2,613,422)
Dividend income		(7,636,571)	(8,864,753)
Capital loss / (gain) on sale of investments - net		4,843,598	(515,827)
Amortization of premium		1,071	-
Unrealised gain on revaluation of investments		(14,859,206)	1,491,461
		(25,512,406)	(13,905,062)
Working capital changes	21.1	(1,752,749)	(1,534,170)
		(24,181,482)	(19,091,130)

## 21.1 Working capital changes

Decrease / (increase) in current assets			
Tax recoverable		(2,028,663)	(1,554,250)
Receivable from wasil foundation		825,000	-
Advance Salary		(34,004)	-
Accrued income		(570,122)	98,680
Increase / (decrease) in current liabilities		(1,807,789)	(1,455,570)
Accrued and other liabilities		55,040	(78,600)
		(1,752,749)	(1,534,170)

## 22. RELATED PARTY TRANSACTIONS

22.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Trustees, Meezan Bank Limited (MBL), and funds managed by Al-Meezan Investment Management Limited (a subsidiary company of Meezan Bank Limited) are considered to be related parties of the Trust.

## 22.2 Transactions during the year

2021	2020
-----Rupees-----	-----Rupees-----

<b>Meezan Bank Limited</b>			
Profit on savings account		1,300,791	6,191,451
Profit on Certificates of Islamic Investment - (COII)		2,241,183	
Donations received from Meezan Bank Limited for interest free loan		63,000,000	83,000,000
Donations received from Meezan Bank Limited for COVID-19		-	25,000,000
Meezan Bank Limited's staff contribution for COVID-19 (face mask)		6,750,000	1,791,000
Purchase of Certificates of Islamic Investment - (COII)		80,000,000	-

**Al-Meezan Investments Management Limited**

Donations received from Al-Meezan Investments Management Limited		7,000,000	7,500,000
Redemption of mutual fund 393,408 units (2020: 66 units)		21,925,891	3,381
Loss on sale of mutual funds units		(1,335,945)	-
Dividend from mutual funds reinvested into Nil units (2020: 36,659)		-	1,677,112
Purchase of mutual fund 12,005 units (2020: 961,381 units)		625,946	50,003,381

## 23. FINANCIAL INSTRUMENTS:

	Available for sale		Amortized cost		Total	
	2021	2020	2021	2020	2021	2020
	-----Rupees-----		-----Rupees-----		-----Rupees-----	-----Rupees-----

## Financial assets:

Long term loans	-	-	368,103,407	329,939,778	368,103,407	329,939,778
Long term Investments	-	-	148,640,957	58,530,000	148,640,957	58,530,000
Short term Investments	187,679,472	198,123,079	-	491,000	187,679,472	198,614,079
Current portion of long term loans	-	-	81,182,286	74,040,881	81,182,286	74,040,881
Advance salary Receivable from Wasil foundation	-	-	34,004	-	34,004	-
Accrued Income	-	-	2,739,379	3,564,379	2,739,379	3,564,379
Bank balances	-	-	1,224,360	654,238	1,224,360	654,238
	-	-	19,792,687	59,233,900	19,792,687	59,233,900
	187,679,472	198,123,079	624,717,080	526,454,176	809,396,552	724,577,255

## 24. NUMBER OF EMPLOYEES

Total number of employees as at year end

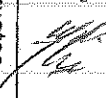
2021	2020
-----Number of person-----	-----Number of person-----

## 25. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 31 July 2023 by the trustees of the Trust

## 26. GENERAL

Certain figures in these financial statements have been rearranged / reclassified for better presentation, the effect of which is immaterial. Figures have been rounded off to the nearest rupee.

  
Trustee

  
Trustee