

IHSAN TRUST

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022



INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the financial statements of **Ihsan Trust** (the Trust), which comprise the statement of financial position as at December 31, 2022, and the statement of income and expenditure, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Ihsan Trust** as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in 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 Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of 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 Board of 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.

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

Auditor's Responsibilities 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.

Appl

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A.F. FERGUSON & CO.

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 the 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 Board of 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.

A.F. Ferguson & Co.

A.F. Ferguson & Co.

Chartered Accountants

Dated: March 27, 2025

Karachi


Engagement Partner: **Junaid Mesia**

UDIN: AR202210611sG3ziytCv

IHSAN TRUST
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

ASSETS	Note	2022	2021
		<u>Rupees</u>	
Non-current assets			
Long term loans	4	404,690,900	368,103,407
Investments - long term	5	179,621,462	148,640,957
		584,312,362	516,744,364
Current assets			
Current portion of long term loans	4	87,062,806	81,182,286
Investments - short term	6	97,853,765	187,679,472
Advance salary		23,627	34,004
Receivable from Wasil Foundation	7	-	2,739,379
Takaful premium		32,882	-
Advance tax	20	20,215,218	17,665,027
Accrued income		3,973,668	1,224,360
Bank balances	8	101,107,182	19,792,687
		310,269,148	310,317,215
TOTAL ASSETS		<u>894,581,510</u>	<u>827,061,579</u>
FUNDS			
Unrestricted fund			
Cede contribution		1,000	1,000
Accumulated surplus		138,623,360	108,203,153
		138,624,360	108,204,153
Restricted fund			
Qarz-e-hasna	9	752,162,132	718,482,817
Zakat	10	39,789	22,932
Donations	11	19,737	19,737
		752,221,658	718,525,486
TOTAL FUNDS		<u>890,846,018</u>	<u>826,729,639</u>
LIABILITIES			
Current liabilities			
Auditor's remuneration payable		383,470	331,940
Payable to Meezan Bank Limited		3,352,022	-
		3,735,492	331,940
TOTAL FUNDS AND LIABILITIES		<u>894,581,510</u>	<u>827,061,579</u>
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 27 form an integral part of these financial statements.

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IHSAN TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2022

Note	2022				2021						
	Unrestricted	Restricted			Unrestricted	Restricted					
	General Fund	Donations (Note 11)	Zakat (Note 10)	Qarz-e-hasna (Note 16)	General Fund	Donation (Note 11)	Zakat (Note 10)	Qarz-e-Hasna (Note 16)			
Rupees				Rupees				Restated			
INCOME											
Donations - unrestricted	13	5,508,560	-	-	-	4,656,135	-	-	-		
Donations - restricted		-	-	-	35,328,107	-	64,279	-	85,560,618		
Zakat - restricted		-	-	5,519,796	-	-	-	77,783	-		
Profit on savings accounts		1,805,142	-	16,857	-	1,235,149	31,145	34,497	-		
Investment income	14	24,007,092	-	-	-	16,575,044	-	-	-		
Dividend income	15	8,250,994	-	-	-	7,636,571	-	-	-		
		39,571,788	-	5,536,653	35,328,107	30,102,899	95,424	112,280	85,560,618		
EXPENDITURE											
Allowance for delays in recoveries of long term loans - net (Qarz-e-hasna)	4	-	-	-	1,648,792	-	-	-	1,360,327		
Allowance for receivable from Wasil Foundation		2,214,379	-	-	-	-	-	-	-		
Donations - restricted		-	-	-	-	-	2,953,856	-	-		
Zakat - restricted		-	-	5,519,796	-	-	-	7,728,379	-		
Donations	17	1,150,000	-	-	-	11,398,343	-	-	-		
Auditor's remuneration	18	204,001	-	-	-	176,000	-	-	-		
Salary expense		4,661,602	-	-	-	4,238,520	-	-	-		
Legal and professional charges		311,230	-	-	-	530,000	-	-	-		
Other operating expenses	19	610,369	-	-	-	201,831	-	-	-		
		9,151,581	-	5,519,796	1,648,792	16,544,694	2,953,856	7,728,379	1,360,327		
SURPLUS BEFORE TAXATION		30,420,207	-	16,857	33,679,315	13,558,205	(2,858,432)	(7,616,099)	84,200,291		
Taxation	20	-	-	-	-	-	-	-	-		
NET SURPLUS FOR THE YEAR		30,420,207	-	16,857	33,679,315	13,558,205	(2,858,432)	(7,616,099)	84,200,291		

The annexed notes 1 to 27 form an integral part of these financial statements.


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IHSAN TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		-----Rupees-----	Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash inflow / (outflow) from operating activities	21	61,320,034	69,596,513
CASH FLOW FROM INVESTING ACTIVITIES			
Investments made during the year		(111,755,858)	(90,112,027)
Investments redeemed during the year		170,153,059	21,925,891
Dividend received		5,960,055	5,813,771
Net cash inflow / (outflow) from investing activities		64,357,256	(62,372,365)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan disbursed during the year	4	(118,251,522)	(110,732,788)
Recovery of loans during the year		73,888,727	64,067,427
Net cash outflow on financing activities		(44,362,795)	(46,665,361)
Net increase / (decrease) in cash and cash equivalents		81,314,495	(39,441,213)
Cash and cash equivalents at the beginning of the year		19,792,687	59,233,900
Cash and cash equivalents at the end of the year		101,107,182	19,792,687

The annexed notes 1 to 27 form an integral part of these financial statements.

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IHSAN TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Unrestricted		Restricted			Total
	Cede contribution	Accumulated surplus	Donations	Zakat	Qarz-e-hasna (Note 16)	
	Rupees					
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	-	13,558,205	(2,858,432)	(7,616,099)	84,200,291	87,283,965
Balance as at December 31, 2021	1,000	108,203,153	19,737	22,932	718,482,817	826,729,639
Surplus for the year	-	30,420,207	-	16,857	33,679,315	64,116,379
Balance as at December 31, 2022	1,000	138,623,360	19,737	39,789	752,162,132	890,846,018

The annexed notes 1 to 27 form an integral part of these financial statements.

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IHSAN TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 centres, 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 affectees 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.

Moreover, the Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Acts [i.e. Sindh Trust Act, 2020, Punjab Trust Act, 2020, Balochistan Trust Act, 2020, KPK Trust Act, 2020 and Islamabad Capital Territory (ICT) Trust Act, 2020] as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Acts have been introduced.

The management is in the process of getting the trust registered under the Sindh Trusts Act, 2020 as the head office of the Trust is located in the province of Sindh.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- Revised Accounting and Financial Reporting Standards for Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP); and
- Accounting Standards for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

Wherever the requirements of the Accounting Standards for NPOs differ from the AFRS for SSEs, the requirements of the AFRS for SSEs shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments in mutual funds which are carried at fair value.

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2.3 Functional and presentation currency

2.3.1 These financial statements are presented in Pakistani Rupees, which is also the Trust's functional currency.

2.3.2 Figures have been rounded off to the nearest rupees, unless otherwise stated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Restricted funds

The Trust has created a restricted fund where the resources allocated cannot be spent during the year due to any obligation placed by either the donors or the trustees.

Restricted funds which are received for the purpose of Donation, Zakat and Qarz-e-hasna are recognised as an income of the relevant restricted fund in the period or periods in which these are received.

3.2 Unrestricted funds

Funds received for 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 statement of income and expenditure as and when incurred.

3.3 Investments

3.3.1 Classification

The Trust classifies its investments as follows:

- **Fair value through income and expenditure**

These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

- **Amortised cost**

These are investments held for collection of contractual cashflows or are investments with fixed or determinable payments and maturity where the Trust has positive intent and ability to hold till maturity.

3.3.2 Initial recognition

Investments other than those categorised as 'fair value through income and expenditure' are initially categorised at fair value which includes transaction costs associated with the investments. Investments classified as 'fair value through income and expenditure' are initially recognised at fair value and transaction costs are expensed in the income and expenditure account.

3.3.3 Subsequent measurement

Subsequent to initial recognition, investments are valued as follows:

- **Fair value through income and expenditure**

Investments in equity instruments that are quoted in an active market are measured at fair value and investments in equity instruments that do not have active market are measured at cost less impairment, if any. Gains and losses on remeasurement are included in the statement of income and expenditure for the year.

- **Amortised cost**

These are measured at amortised cost less any impairment loss recognised to reflect irrecoverable amount. Premium / discount (if any) is amortised over the remaining maturity.

3.3.4 Reclassifications

Investments are not reclassified subsequent to the initial recognition, except in the period after the Trust changes its business model for managing investments. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

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3.3.5 Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognised in the statement of income and expenditure. Any previously recognised impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognised previously. The amount of the reversal is recognised in statement of income and expenditure.

3.3.6 Derecognition

Investments are derecognised when the right to receive cash flows from the investments have expired, or have been realised or transferred and the Trust has transferred substantially all the risks and rewards of ownership. On derecognition of an investment, in its entirety, the difference between the carrying amount and the sum of the consideration received and receivable is recognised in the statement of income and expenditure.

3.4 Loans, advances, prepayments and other receivables

The Trust extends loans on Qarz-e-Hasna basis. These are initially recognised at an initial disbursed amount and subsequently measured at amortised cost less provision for impairment, if any. Advances, prepayments and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the yield / profit rate method less provision for impairment, if any. The amount of provision is charged to the statement of income and expenditure as per the policy approved by the Board of trustees.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents include cash in hand and balances with banks and other short-term highly liquid investments with original maturity of three months or less.

3.6 Accrued expenses and other liabilities

Accrued expenses and other liabilities are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services whether or not billed to the Trust.

3.7 Provisions

A provision is recognised in the statement of financial position when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the reporting date.

3.8 Taxation

The Trust is registered with the Income tax authorities as a non-profit organisation under section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rules 212 and 220A of the Income Tax Rules, 2002. The Trust, being a non-profit organisation, is allowed a tax credit equal to one hundred percent (100%) of the tax payable, including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001, subject to fulfilment of certain conditions stipulated therein.

3.9 Income recognition

- Qarz-e-Hasna, zakat and restricted donations received by the Trust are regarded as restricted contributions and are recognised as income as and when these are received.
- Donations received without any specific conditions are recognised on a receipt basis.
- Donations received in kind are recognised at fair value.
- Profit on savings accounts is recognised on an accrual basis.
- Profit on certificate of Islamic investments is recognised on an accrual basis.
- Dividend income is recognised when the Trust becomes entitled to receive the dividend.
- Profit on sukuks is recognised on an effective yield basis.
- Gain / (loss) arising on sale of investments are recorded at the date at which the transaction takes place.
- Gains / (losses) on remeasurement of investments at each reporting date are included in the statement of income and expenditure for the year.

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3.10 Offsetting of assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when and only when the Trust has a legally enforceable right to offset the amounts and intends either to settle them on the net basis or to realise the assets and settle the liabilities simultaneously.

4	LONG TERM LOANS	Note	2022 -----Rupees-----	2021
	Loans at the beginning of the year		455,201,227	408,535,860
	Add: Loans disbursed during the year		118,251,522	110,732,780
			<u>573,452,749</u>	<u>519,268,650</u>
	Less: Loans repaid during the year		(74,134,717)	(64,067,420)
		4.1	<u>499,318,032</u>	<u>455,201,220</u>
	Less: Current portion of long term loans		(87,062,806)	(81,182,280)
	Long term loans		<u>412,255,226</u>	<u>374,018,940</u>
	Less: Provision against long term loans	4.2	(7,564,326)	(5,915,530)
			<u>404,690,900</u>	<u>368,103,400</u>

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

4.2	Movement of provision against long term loans	Note	2022 -----Rupees-----	2021
	Opening provision		5,915,534	4,555,200
	Add: charge for the year		1,648,792	1,360,320
	Closing provision		<u>7,564,326</u>	<u>5,915,530</u>

5 INVESTMENTS - LONG TERM

Federal government securities	5.1	171,517,962	60,110,950
Non-government sukuk	5.1	8,103,500	8,530,000
Term deposit receipts	5.2	-	80,000,000
		<u>179,621,462</u>	<u>148,640,950</u>

5.1 Sukuks - At amortised cost

Name of the Investee Company	As at January 1, 2022	Purchased during the year	Sold / matured during the year	As at December 31, 2022	Book value as at December 31, 2022	Profit rate	Issue date	Maturity date
----- Face value (Rupees) -----								
Federal government securities								
GIS VRR-18	25,000,000	-	-	25,000,000	25,000,000	7.53%-14.44%	30-Apr-20	30-Apr-20
GIS VRR-19	25,000,000	-	-	25,000,000	25,000,000	10.08%-15.63	29-May-20	29-May-20
GIS-VRR 24	10,000,000	20,000,000	-	30,000,000	30,658,558	8.7%-15.59%	29-Oct-21	29-Oct-21
GIS-FRR 11 (1st RO)	-	60,000,000	-	60,000,000	60,859,404	11.40%	15-Dec-21	15-Dec-21
GIS-FRR 12	-	5,000,000	-	5,000,000	5,000,000	12.49%	27-Apr-22	27-Apr-22
GIS VRR-25	-	5,000,000	-	5,000,000	5,000,000	13.53%-15.70%	27-Apr-22	27-Apr-22
GIS VRR-26	-	20,000,000	-	20,000,000	20,000,000	15.69%	26-Oct-22	26-Oct-22
	60,000,000	110,000,000	-	170,000,000	171,517,962			
Non-government sukuk								
K-Electric sukuk	8,530,000	-	426,500	8,103,500	8,103,500	Kibor + 1.7%	3-Aug-20	2-Aug-20
Total as at December 31, 2022	<u>68,530,000</u>	<u>110,000,000</u>	<u>426,500</u>	<u>178,103,500</u>	<u>179,621,462</u>			
Total as at December 31, 2021	<u>58,530,000</u>	<u>10,000,000</u>	<u>-</u>	<u>68,530,000</u>	<u>68,640,950</u>			

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5.2 Term deposit receipts - At amortised cost

Name of the Investee Company	As at January 1, 2022	Purchased during the year	Sold / matured during the year	As at December 31, 2022	Book value as at December 31, 2022	Profit rate	Issue date	Maturity date
----- Face value (Rupees) -----								
Meezan Bank Limited-COII								
- Related party	80,000,000	-	80,000,000	-	-	6.19%-7.00%	29-Jul-21	29-Jan-23
Total as at December 31, 2022	80,000,000	-	80,000,000	-	-			
Total as at December 31, 2021	-	80,000,000	-	80,000,000	80,000,000			

	Note	2022	2021
-----Rupees-----			
6. INVESTMENTS - SHORT TERM			
Mutual funds	6.1	70,573,765	163,359,472
REITs	6.2	27,280,000	24,320,000
		<u>97,853,765</u>	<u>187,679,472</u>

6.1 Investments in Mutual Funds - At fair value through statement of income and expenditure	2022	2021	2022	2021
	---Number of shares / units---		-----Rupees-----	
Meezan Cash Fund - Related party	0.30	0.30	15	15
Meezan Islamic Fund - Related party	79,162	77,880	4,366,941	4,790,165
Meezan Islamic Income Fund - Related party	12,895	12,005	707,112	641,079
Meezan Asset Allocation Fund - Related party	742,094	742,094	29,733,470	34,021,214
Meezan Rozana Amdani Fund - Related Party	277,020	1,177,859	13,850,981	58,892,970
NBP Islamic Money Market Fund	2,302	2,134	24,839	22,277
NBP Riba Free Savings Fund	-	6,057,528	-	64,499,348
NBP Islamic Daily Dividend Fund	2,137,294	-	21,372,944	-
MCB Islamic Income Fund	2,203	2,051	240,423	217,298
UBL Ameen Islamic Asset Allocation Fund	2,150	2,139	277,040	275,106
	<u>3,255,120</u>	<u>8,073,690</u>	<u>70,573,765</u>	<u>163,359,472</u>

6.2 Investments in REITs - At fair value through statement of income and expenditure				
Dolmen City REIT - Listed	2,000,000	2,000,000	22,249,654	22,249,654
Add: Unrealised gain on revaluation of investments	-	-	5,030,346	2,070,346
	<u>2,000,000</u>	<u>2,000,000</u>	<u>27,280,000</u>	<u>24,320,000</u>

7 RECEIVABLE FROM WASIL FOUNDATION

The balance represents financing provided to Wasil Foundation in the form of Mudarabah, as rabb-ul-maal. The funds are utilised by Wasil Foundation to provide micro-financing in the form of Salam to small farmers in Punjab to enable them to finance their agricultural ventures. The said facility was expired in August 2016 as per the agreed terms. The Trust as on December 31, 2022 has a provision of Rs. 3.90 million (2021: Rs. 1.69 million) on a prudent basis due to losses incurred by Wasil Foundation.

8 BANK BALANCES	Note	2022	2021
-----Rupees-----			
Savings accounts	8.1	<u>101,107,182</u>	<u>19,792,687</u>

8.1 Savings accounts are maintained with Meezan Bank Limited, a related party, and carry profit at the rates ranging from 4.50% to 7.00% (2021: 3.71% to 6.56%) per annum.

Mee

5.2 Term deposit receipts - At amortised cost

Name of the Investee Company	As at January 1, 2022	Purchased during the year	Sold / matured during the year	As at December 31, 2022	Book value as at December 31, 2022	Profit rate	Issue date	Maturity date
----- Face value (Rupees) -----								
Meezan Bank Limited-COII								
- Related party	80,000,000	-	80,000,000	-	-	6.19%-7.00%	29-Jul-21	29-Jan-23
Total as at December 31, 2022	80,000,000	-	80,000,000	-	-			
Total as at December 31, 2021	-	80,000,000	-	80,000,000	80,000,000			

6. INVESTMENTS - SHORT TERM

Note

2022

2021

-----Rupees-----

Mutual funds

REITs

6.1

6.2

70,573,765

163,359,472

27,280,000

24,320,000

97,853,765

187,679,472

6.1 Investments in Mutual Funds - At fair value through statement of income and expenditure

2022

2021

---Number of shares / units---

2022

2021

-----Rupees-----

Meezan Cash Fund - Related party
Meezan Islamic Fund - Related party
Meezan Islamic Income Fund - Related party
Meezan Asset Allocation Fund - Related party
Meezan Rozana Amdani Fund - Related Party
NBP Islamic Money Market Fund
NBP Riba Free Savings Fund
NBP Islamic Daily Dividend Fund
MCB Islamic Income Fund
UBL Ameen Islamic Asset Allocation Fund

0.30	0.30	15	15
79,162	77,880	4,366,941	4,790,165
12,895	12,005	707,112	641,079
742,094	742,094	29,733,470	34,021,214
277,020	1,177,859	13,850,981	58,892,970
2,302	2,134	24,839	22,277
-	6,057,528	-	64,499,348
2,137,294	-	21,372,944	-
2,203	2,051	240,423	217,298
2,150	2,139	277,040	275,106
3,255,120	8,073,690	70,573,765	163,359,472

6.2 Investments in REITs - At fair value through statement of income and expenditure

Dolmen City REIT - Listed

Add: Unrealised gain on revaluation of investments

2,000,000

2,000,000

22,249,654

22,249,654

-

-

5,030,346

2,070,346

2,000,000

2,000,000

27,280,000

24,320,000

7

RECEIVABLE FROM WASIL FOUNDATION

The balance represents financing provided to Wasil Foundation in the form of Mudarabah, as rabb-ul-maal. The funds are utilised by Wasil Foundation to provide micro-financing in the form of Salam to small farmers in Punjab to enable them to finance their agricultural ventures. The said facility was expired in August 2016 as per the agreed terms. The Trust as on December 31, 2022 has a provision of Rs. 3.90 million (2021: Rs. 1.69 million) on a prudent basis due to losses incurred by Wasil Foundation.

8

BANK BALANCES

Note

2022

2021

-----Rupees-----

Savings accounts

8.1

101,107,182

19,792,687

8.1

Savings accounts are maintained with Meezan Bank Limited, a related party, and carry profit at the rates ranging from 4.50% to 7.00% (2021: 3.71% to 6.56%) per annum.

Afee

This balance represents donations received by the Trust over the years from the related parties i.e., Meezan Bank and Al Meezan Investment Management Limited. The amount is utilised in providing loans to the students under interest free loan scheme and accordingly recognised as revenue in the period in which it is received under section 6.59 of Accounting Standards for Not for Profit Organisations. This is a revolving fund as repayments received from the loans are reutilised for new 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 and 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 (Qarz-e-Hasna) have been disclosed in note 4 of these financial statements.

The balance is represented by:

	2022	2021
	Rupees	
Long term loans	499,318,032	455,201,227
Investments	216,685,804	260,936,632
Bank balances	36,158,296	2,344,958
	<u>752,162,132</u>	<u>718,482,817</u>
Long term loans		
Opening	455,201,227	408,535,866
Disbursed from restricted donations	118,251,522	110,732,788
Less: Recovery of loans	(74,134,717)	(64,067,427)
Closing	<u>499,318,032</u>	<u>455,201,227</u>
Investments		
Opening	260,936,632	225,746,660
Investments during the year	84,683,670	52,311,067
Divestments during the year	(128,934,498)	(17,121,095)
Closing	<u>216,685,804</u>	<u>260,936,632</u>

10 ZAKAT

This balance represents funds received by the Trust during the current year for onward distribution of Zakat to the deserving people and accordingly recognised as revenue in the period in which it is received under section 6.59 of Accounting Standards for Not for Profit Organisations.

11 DONATIONS

This balance represents restricted donations received by the Trust from general public and the related party i.e., Meezan Bank Limited. The amount was utilised in providing ration to the deserving people who got affected due to global pandemic of COVID-19 under 'Ration Distribution Scheme' and accordingly had been categorised as restricted fund. The respective bank account of the fund has been closed during the year.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and December 31, 2021.

13 DONATIONS - UNRESTRICTED

	Note	2022	2021
		Rupees	
NBP Fund Management Limited		1,704,933	2,125,000
Dubai Islamic Bank Pakistan Limited		-	1,200,000
UBL Fund Managers Limited		800,000	-
Al Baraka Bank Pakistan Limited		1,000,000	-
MCB Investment Management Limited		508,624	344,722
Miscellaneous donations	13.1	<u>1,495,003</u>	<u>986,413</u>
		<u>5,508,560</u>	<u>4,656,135</u>

13.1 This represents donations received from various individual donors.

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14	INVESTMENT INCOME	Note	2022	2021
			-----Rupees-----	
	Income on sukuks		19,450,692	4,318,254
	Income on Certificate of Islamic Investments - (COII)	14.1	5,357,940	2,241,183
	Realised gain / (loss) on sale of investments - net		855,773	(4,843,599)
	Unrealised (loss) / gain on investments - net		(1,657,313)	14,859,206
			<u>24,007,092</u>	<u>16,575,044</u>
14.1	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.			
15	DIVIDEND INCOME	Note	2022	2021
			-----Rupees-----	
	Dividend income from mutual funds		5,050,994	4,996,571
	Dividend income from Dolmen City REIT		3,200,000	2,640,000
			<u>8,250,994</u>	<u>7,636,571</u>
16	QARZ-E-HASNA			
	Meezan Bank Limited		30,000,000	63,000,000
	Meezan Bank Limited's staff contribution for COVID-19 (face mask)		1,117,000	6,750,000
	Al Meezan Investment Management Limited		3,300,000	7,000,000
	Pakistan National Distributors (PND) - Net		1,311,107	1,414,993
	Hamdard University Foundation		-	5,000,000
	Habib University Foundation	16.1	(400,000)	2,395,625
			<u>35,328,107</u>	<u>85,560,618</u>
16.1	This represents unutilised amount returned to the Habib University Foundation during the year.			
17	DONATIONS	Note	2022	2021
			-----Rupees-----	
	Name of Institutions			
	IBA National Talent Hunt Programme		-	11,298,343
	Fatimid Foundation		-	100,000
	Liaquat National Hospital		200,000	-
	Miscellaneous		950,000	-
			<u>1,150,000</u>	<u>11,398,343</u>
18	AUDITOR'S REMUNERATION			
	Audit fee		176,000	154,000
	Out of pocket expenses		12,890	8,963
	Sindh sales tax		15,112	13,037
			<u>204,001</u>	<u>176,000</u>
19	OTHER OPERATING EXPENSES			
	Travelling expenses		18,111	1,234
	Communication charges		16,500	15,000
	Website development charges		233,785	144,160
	Course fees related to Islamic Banking		39,000	-
	Bank charges		18,288	17,289
	Other charges		28,695	24,148
	Incentives	19.1	245,990	-
	Miscellaneous		10,000	-
			<u>610,369</u>	<u>201,831</u>
19.1	This represents the incentives given to the students against the donations arranged by them. The incentive is given in the form of waiver of loans that have been disbursed to the students.			

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20 TAXATION

The income of the Trust is exempt from tax for the tax year 2023 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:

- return has been filed;
- tax required to be deducted or collected has been deducted or collected and paid; and
- 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 has complied 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 tax charge has been recognised in these financial statements for the year ended December 31, 2022.

Tax withheld by different banks and asset management companies as stated in the financial statements as advance tax amounting to Rs. 20,215,218 will also be claimed by the Trust once the exemption letter is issued.

	Note	2022	2021
		-----Rupees-----	
			Restated
21 CASH UTILISED IN FROM OPERATIONS			
Surplus before taxation		64,116,379	87,283,965
Adjustments for:			
Profit on savings accounts		(1,821,999)	(1,300,791)
Profit on investments		(24,808,632)	(6,559,437)
Dividend income		(8,250,994)	(7,636,571)
Capital (gain) / loss on sale of investments - net	14	(855,773)	4,843,599
Allowance for delays in recoveries		1,648,792	1,360,327
Amortisation of premium		348,853	1,071
Unrealised loss / (gain) on revaluation of investments	14	1,657,313	(14,859,206)
Working capital changes		(32,082,440)	(24,151,008)
Profit received	21.1	3,570,235	(1,182,627)
		25,715,860	7,646,184
		<u>61,320,034</u>	<u>69,596,513</u>
21.1 Working capital changes			
Increase in current assets			
Advance tax		(2,550,191)	(2,028,663)
Receivable from Wasil Foundation		2,739,379	825,000
Advance salary		10,377	(34,004)
Prepaid insurance		(32,882)	-
Accrued income		-	-
		166,683	(1,237,667)
Increase in current liabilities			
Auditor's remuneration payable		51,530	55,040
Salary payable		3,352,022	-
		3,403,552	55,040
		<u>3,570,235</u>	<u>(1,182,627)</u>
22 RESTATEMENT DUE TO CORRECTION OF ERROR			

As per section 6.9 of the Accounting Standards for Not-for-Profit Organizations (the standards), an organisation should recognise contributions in accordance with either the deferral method or restricted fund method. Further, as per section 6.11 of the standards, an organisation would select one of the methods for recognising contributions and apply that method consistently to all contributions received. If an organisation corrects its error in application of accounting for recognising contributions, the change would be treated as a correction of errors and would be applied retrospectively.

Previously, the Trust was recording restricted donations directly in the 'Statement of Changes in Net Assets' instead of routing it through 'Statement of Income and Expenditure'. Consequently, the Trust has recognised all kinds of restricted funds / contributions in the 'Statement of Income and Expenditure' as per the requirements of the standards.

After

The above mentioned error has been accounted for retrospectively in accordance with requirements of 'Accounting policies, changes in accounting estimates and errors' of the Accounting and Financial Reporting Standards for Small-Sized Entities (AFRS for SSEs).

The effects on the Trust's financial statements as a result of this correction of error have been summarised below:

	2021 Rupees
Impact on statement of income and expenditure	
Increase in donations - restricted	85,560,618
There is no impact on statement of financial position and statement of changes in net assets on the Trust's financial statements as a result of this correction of error.	

23 RELATED PARTY TRANSACTIONS

23.1 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, Al-Meezan Investment Management Limited (a subsidiary company of Meezan Bank Limited) and funds managed by Al-Meezan Investment Management Limited are considered to be related parties of the Trust. The aggregate value of transactions and outstanding balances as at December 31, 2022 with related parties other than those which have been disclosed elsewhere are as follows:

23.2 Transactions during the year

	2022	2021
	Rupees	
Meezan Bank Limited		
Profit on savings accounts	1,821,999	1,300,791
Profit on Certificates of Islamic Investment - (COII)	5,357,940	2,241,183
Donations received from Meezan Bank Limited for Qarz-e-Hasna	30,000,000	63,000,000
Meezan Bank Limited's staff contribution for COVID-19 (face mask)	1,117,000	6,750,000
Purchase of Certificates of Islamic Investment - (COII)	-	80,000,000
Redemption of Certificates of Islamic Investment - (COII)	80,000,000	-
Al-Meezan Investment Management Limited		
Donations received from Al-Meezan Investment Management Limited for Qarz-e-Hasna	3,300,000	7,000,000
Redemption of mutual fund 900,000 units (2021: 393,408 units)	45,000,000	21,925,891
Gain / loss on sale of mutual funds units	-	1,335,945
Dividend from mutual funds reinvested 38,799 units (2021: Nil)	1,953,288	-
Purchase of mutual fund nil units (2021: 12,005 units)	-	625,946
Balance outstanding		
	2022	2021
	Rupees	
Meezan Bank Limited		
Payable in respect of reimbursements of expenses	3,352,022	-

24 FINANCIAL INSTRUMENTS

	Held for trading		Amortised cost		Total	
	2022	2021	2022	2021	2022	2021
	Rupees		Rupees		Rupees	
Financial assets:						
Long term loans	-	-	404,690,900	368,103,407	404,690,900	368,103,407
Long term investments	-	-	179,621,462	148,640,957	179,621,462	148,640,957
Receivable from Wasil Foundation	-	-	-	2,739,379	2,214,379	2,739,379
Short term investments	97,853,765	187,679,472	-	-	97,853,765	187,679,472
Current portion of long term loans	-	-	87,062,806	81,182,286	87,062,806	81,182,286
Advance salary	-	-	23,627	34,004	23,627	34,004
Accrued income	-	-	3,973,668	1,224,360	3,973,668	1,224,360
Bank balances	-	-	101,107,182	19,792,687	101,107,182	19,792,687
	<u>97,853,765</u>	<u>187,679,472</u>	<u>776,479,645</u>	<u>621,717,080</u>	<u>876,547,789</u>	<u>809,396,552</u>
Financial liability:						
Salary payable	-	-	3,352,022	-	3,352,022	-
Auditor's remuneration payable	-	-	383,470	331,940	383,470	331,940
	<u>-</u>	<u>-</u>	<u>3,735,492</u>	<u>331,940</u>	<u>3,735,492</u>	<u>331,940</u>

Atte

25 NUMBER OF EMPLOYEES

2022	2021
----- (Number of employees) -----	
<u>2</u>	<u>5</u>

Total number of employees as at

26 DATE OF AUTHORISATION

These financial statements were authorised for issue on _____ by the trustees of the Trust.

27 GENERAL

Certain figures in these financial statements have been rearranged / reclassified for better presentation, the effect of which is immaterial except for the impact of correction of error that has been disclosed in note 22 to these financial statements.

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