



Ale Imran & Co.

Chartered Accountants



A Correspondent Firm of
J.C.A. International

THE TEHZIBUL AKHLAQ TRUST, LAHORE
FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2019

AUDIT REPORT



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INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE COMMITTEE OF THE TEHZIBUL AKHLAQ TRUST, LAHORE

Opinion

We have audited the financial statements of **TEHZIBUL AKHLAQ TRUST, LAHORE (The Trust)**, which comprise the statement of financial position as at June 30, 2019 and the income and expenditure account, statement of cash flows and statement of changes in accumulated funds 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 give a true and fair view of the financial position of the trust as at June 30, 2019 and its financial performance 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 Those Charged with Governance for the Financial Statements

The Management Committee 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 Committee 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 Committee 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.

Those charged with governance 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 the 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 risk 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 the 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 Committee 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 the 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 those charged with governance 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.

Lahore. *January 27, 2020*
Dated: October 04, 2019



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Chartered Accountants



TEHZIBUL AKHLAQ TRUST, LAHORE
BALANCE SHEET AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non Current Assets			
Property and equipment	4	683,025,622	692,037,516
Capital work in progress	5	13,981,311	-
Intangible assets	6	51,320	68,427
Long term deposits		360,250	360,750
		697,418,533	692,466,723
Current Assets			
Stocks and stores	7	4,307,957	2,918,829
Advances, deposits and other receivables	8	14,740,257	13,437,867
Short term investment	9	28,670,000	23,000,000
Cash and bank balances	10	17,681,275	20,362,492
		65,399,489	59,719,188
		<u>762,818,022</u>	<u>752,185,411</u>
RESERVES AND LIABILITIES			
Funds:			
- Unrestricted fund			
Tehzibul Akhlaq Trust Office, Lahore	11	(21,673,936)	(17,191,599)
Aligarh Public School and College Gulberg, Lahore	11	135,701,609	135,122,041
Aligarh Public School and College, Manga Mandi	11	(31,766,209)	(29,191,600)
Aligarh Public School and College Mess & Hostel, Manga Mandi	11	46,822,862	45,768,256
Sir Syed College of Computer Science	11	(21,372,519)	(16,377,934)
		107,711,807	118,129,164
- Restricted funds			
		35,987,025	14,825,320
		143,698,832	132,954,484
Surplus on Revaluation of Property and Equipment	12	569,410,992	569,410,992
Non Current Liabilities			
Deferred income	13	23,614,875	23,614,875
Current Liabilities			
Security deposits	14	18,857,149	18,204,762
Creditors, accrued and other liabilities	15	7,236,174	8,000,298
		26,093,323	26,205,060
Contingencies and Commitments			
	16	-	-
		<u>762,818,022</u>	<u>752,185,411</u>

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


HONORARY SECRETARY GENERAL




FINANCE MANAGER

TEHZIBUL AKHLAQ TRUST, LAHORE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
INCOME			
Unrestricted income			
Income from school / student related activities:			
- Tuition fees and other funds - net		101,551,901	97,562,655
- Admission fees / test fees		3,413,020	2,317,795
- Examination and other fees		2,973,997	2,747,677
- Hostel charges		5,866,080	6,797,080
- Mess fund		10,453,889	11,417,594
- Profit on sale of prospectus / progress reports		301,500	731,000
- Income from sale of monthly Tehzibul Akhlaq Magazine		832,950	844,530
- Forfeited security deposits		786,748	364,968
		<u>125,680,085</u>	<u>121,278,244</u>
Income from other sources:			
- Profit on investment and bank accounts		2,965,476	1,562,371
- Donations		3,409,188	5,692,050
- Membership fee		50,000	50,000
- Rental income		213,757	118,300
- Balances written back		3,342,355	-
- Exchange gain		1,401,479	178,385
- Miscellaneous		404,731	294,212
		<u>11,786,986</u>	<u>7,895,318</u>
		<u>137,467,071</u>	<u>129,173,562</u>
Restricted income			
- Amortization of deferred income	13	-	-
- Tuition fee against restricted fund		-	-
		<u>137,467,071</u>	<u>129,173,562</u>
	17	<u>137,467,071</u>	<u>129,173,562</u>
EXPENDITURE			
Expenses funded by unrestricted income			
Salaries and other benefits:			
- Salary expense		86,258,205	73,082,763
- EOBI		1,058,000	927,600
- Provident fund		4,850,766	2,799,380
- Social security		1,894,048	1,666,700
- Other benefits		645,114	694,439
- Mess expenses		7,912,306	7,928,204
- Repairs and maintenance		4,650,549	4,551,769
- Petrol, oil and lubricants		1,500,567	1,363,667
- Utilities		9,561,979	6,321,063
- Students' related activities/expenses		2,336,387	1,898,653
- Examination expenses		1,004,670	882,110
- Expenses of monthly Tehzibul Akhlaq Magazine		757,289	777,487
- Advertisement and publicity		2,134,684	2,687,843
- Legal and professional charges		820,242	939,669
- Parking fee		18,000	18,000
- Audit fee		130,000	130,000
- Printing and stationery		1,317,722	1,133,575
- Telephone, postage and internet		586,884	656,842
- Travelling and conveyance		766,299	757,237
- Fees and subscription		261,600	236,000
- Entertainment		324,274	370,527
- Qutab Shah Campus' expenses		325,994	304,404
- Stocks and stores consumed		234,960	-
- Bank charges		406,263	313,370
- Safety and security		2,750,000	2,574,757
- Insurance		31,204	31,204
- Training expenses		52,250	8,000
- Cleaning expenses		33,339	51,353
- Preliminary Expenses		2,730,548	758,418
- Loss on disposal of vehicle		-	9,014
- Miscellaneous		262,292	213,016
- Amortization		17,108	22,810
- Depreciation		12,250,890	12,698,204
		<u>147,884,428</u>	<u>126,757,518</u>
	17	<u>147,884,428</u>	<u>126,757,518</u>
Surplus / (Loss) for the Year		<u>(10,417,357)</u>	<u>2,416,044</u>

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

HONORARY SECRETARY GENERAL

W. M. Hidayat



[Signature]
 FINANCE MANAGER

TEHZIBUL AKHLAQ TRUST, LAHORE

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	(10,417,357)	7,416,044
Adjustments for:		
- Depreciation - property, plant and equipment	12,250,890	12,698,204
- Amortization - intangible assets	17,108	22,810
- Balances written-off	-	-
- Balances written back	(3,342,355)	-
- Amortization of deferred income	-	-
- Tuition fee against restricted fund	-	-
	8,925,643	12,721,014
Surplus before Working Capital Changes	(1,491,714)	15,137,058
(Increase) / decrease in current assets:		
- Stocks and stores	(1,389,128)	(546,697)
- Advances, deposits and other receivables	(877,387)	(1,815,187)
Increase / (decrease) in current liabilities:		
- Creditors, accrued and other liabilities	(764,124)	2,604,616
- Security deposits	652,387	491,899
Net changes in working capital	(2,378,252)	734,631
Cash Generated from Operations	(3,869,966)	15,871,689
Income tax paid	(425,003)	(585,408)
Net Cash Generated from Operating Activities	(4,294,969)	15,286,281
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(3,238,966)	(12,828,349)
Capital work in progress	(13,981,341)	(14,311,307)
Net Cash Used in Investing Activities	(17,220,307)	(27,139,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short Term investment	(5,670,000)	(10,000,000)
Donations received & utilized against restricted activities	21,161,705	26,961,754
Net Cash Generated from Financing Activities	15,491,705	16,961,754
Net Increase in Cash and Cash Equivalents	(6,023,572)	5,108,379
Cash and cash equivalents at the beginning of the year	20,362,492	15,254,113
Cash and Cash Equivalents at the End of the Year	14,338,920	20,362,492

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

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HONORARY SECRETARY GENERAL



Dr. Chaudhary
FINANCE MANAGER

TEHZIBUL AKHLAQ TRUST, LAHORE

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Unrestricted Funds Rupees	Restricted Funds Rupees	Total Rupees
Balance as at June 30, 2017	115,713,120	1,015,360	116,728,480
Restricted funds received during the year	-	22,777,765	22,777,765
Restricted funds utilized during the year	-	(8,967,805)	(8,967,805)
Surplus for the year	2,416,044	-	2,416,044
Balance as at June 30, 2018	118,129,164	14,825,320	132,954,484
Restricted funds received during the year	-	24,764,480	24,764,480
Restricted funds utilized during the year	-	(3,602,775)	(3,602,775)
Surplus / (Loss) for the year	(10,417,357)	-	(10,417,357)
Balance as at June 30, 2019	107,711,807	35,987,025	143,698,832

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



HONORARY SECRETARY GENERAL



FINANCE MANAGER

