

IHSAAS TRUST

**AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2022**



Clarkson Hyde Saud Ansari
Chartered Accountants

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Global Association of Auditors, Accountants,
Tax Specialists and Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Managing Committee: **IHSAAS TRUST**

Opinion

We have audited the financial statements of **IHSAAS TRUST**, which comprise the statement of financial position as at June 30, 2022, income and expenditure account, statement of changes in accumulated fund, statement of cash flows 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 **IHSAAS TRUST**, as at June 30, 2022 and of its financial performance for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with 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 Party 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 ethical responsibilities in accordance with the Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Managing Committee for the Financial Statements

The Managing Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as the Managing Committee determines as 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 Managing Committee is responsible for assessing the trust 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 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 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's 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 the charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.


Clarkson Hyde Saud Ansari

Chartered Accountants

Name of the Auditor: SAUD ANSARI

Date: March 13, 2023

UDIN: AR202210149XIargOqYi



IHSAAS TRUST
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	109,140	121,267
CURRENT ASSETS			
Loans and Advances	5	7,108,035	20,217,145
Other Receivables	6	406,533	20,712,703
Cash and Bank Balances	7	60,676,682	23,998,014
		68,191,250	64,927,862
		<u>68,300,390</u>	<u>65,049,129</u>
ACCUMULATED FUND			
Restricted Funds		50,302,032	45,958,230
UnRestricted Funds		17,815,020	17,874,135
		<u>68,117,052</u>	<u>63,832,365</u>
CURRENT LIABILITIES			
Accrued and Other Liabilities		118,538	1,216,764
Auditor' Remuneration		64,800	-
		183,338	1,216,764
CONTINGENCIES AND COMMITMENTS			
	NIL	<u>68,300,390</u>	<u>65,049,129</u>

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


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**IHSAAS TRUST
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
<u>INCOME</u>			
Restricted Funds	8	75,671,352	85,131,639
UnRestricted Funds	9	<u>7,391,787</u>	<u>6,126,909</u>
		83,063,139	91,258,548
<u>EXPENDITURE</u>			
Operating Expenses	10	<u>77,775,184</u>	<u>84,744,047</u>
Administrative Expenses	11	889,736	106,086
Finance Cost	12	<u>113,533</u>	<u>543,279</u>
		78,778,452	85,393,412
NET SURPLUS FOR THE YEAR		<u><u>4,284,687</u></u>	<u><u>5,865,136</u></u>

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



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IHSAAS TRUST**STATEMENT OF CHANGES IN ACCUMULATED FUND AS AT JUNE 30, 2022**

	Un Restricted Fund	Restricted Funds	Grand Total
Balance as at June 30, 2020	20,841,966	37,125,263	57,967,229
Surplus for the year	(2,967,831)	8,832,967	5,865,136
Other comprehensive income	-	-	-
Total comprehensive income for the year	(2,967,831)	8,832,967	5,865,136
Balance as at June 30, 2021	17,874,135	45,958,230	63,832,365
Surplus for the year	(59,115)	4,343,802	4,284,687
Other comprehensive income	-	-	-
Total comprehensive income for the year	(59,115)	4,343,802	4,284,687
Balance as at June 30, 2022	17,815,020	50,302,032	68,117,052

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IHSAAS TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2022 Rupees	2021 Rupees
CASH FROM OPERATING ACTIVITIES		
(Deficit) for the year	4,284,687	5,865,136
Adjustments for:		
Depreciation	12,127	13,474
Finance Cost	113,533	543,279
Operating profit before working capital changes	<u>4,410,347</u>	<u>6,421,889</u>
(Increase) / Decrease in Operating Assets		
Loans and Advances	13,109,110	(13,240,590)
Other Receivables	20,306,170	(12,665,256)
	<u>37,825,627</u>	<u>(19,483,957)</u>
Increase / (Decrease) in Operating Liabilities		
Accrued and Other Liabilities	(1,033,426)	742,833
Cash generated from/(used in) operations	<u>36,792,201</u>	<u>(18,741,124)</u>
Finance Cost	(113,533)	(543,279)
Net Cash from/(used in) Operating Activities	<u>36,678,668</u>	<u>(19,284,403)</u>
CASH FROM INVESTING ACTIVITIES		
Addition to Property, Plant and Equipment	-	(12,500)
Net Cash from/(used in) Investing Activities	-	(12,500)
CASH FROM FINANCING ACTIVITIES		
Net Cash from/(used in) Financing Activities	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>36,678,668</u>	<u>(19,296,903)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	23,998,014	43,294,917
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>60,676,682</u></u>	<u><u>23,998,014</u></u>



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IHSAAS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1 STATUS AND NATURE OF BUSINESS

Ihsaas Trust (the Trust) was established under a registered Trust Deed dated March 21, 2012. The registered office of the Trust is situated at Office No. 4, Plot No. 55-C, Main Khayaban-e-Sehar, Shahbaz Commercial Area, Phase VI, DHA, Karachi, in the Province of Sindh. The Principal objective of the Trust is to carry out and promote religious and charitable activities.

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise Accounting Standard for Not for Profit Organizations (NPOs) and International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board.

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention except as other-wise stated in the respective policies and notes given hereunder.

2.3 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Trust operates. The financial statements are presented in Pakistani Rupees, which is also the Trust's functional currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Use of Estimates and Judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures.

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily evident from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the useful lives of depreciable assets, depreciation, impairment on financial assets, and provisions against doubtful loans. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.2 Property, Plant and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Normal repairs and maintenance are charged to the income and expenditure statement during the year in which they are incurred.

Depreciation is charged to the income and expenditure statement applying reducing balance method at the rates specified in the related note. Depreciation on assets acquired during the year is charged for the whole year, while no depreciation is charged on items disposed off during the year. Depreciation methods, useful lives and residual values of property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposal of assets during the year are taken to the income and expenditure statement.

The carrying amounts of the Foundation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in income and expenditure statement.

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3.3 Trade and Other Payables

Liabilities for trade and other amounts payable are stated at cost which is the fair value of the consideration to be paid in future for goods and services.

3.4 Restricted funds

Funds received for specific purposes are classified as restricted funds. These funds are presented in statement of changes in accumulated fund at the time of receipt, i.e. when received as cash or deposited to the bank account.

Expenditures incurred out of restricted funds are reflected in the statement of changes in accumulated fund.

Funds received for following projects are classified as restricted funds

3.5 Un-Restricted funds

Donations, income from trainings and return from saving account are credited to unrestricted funds. The Trust utilizes such funds for meeting administrative expenditures. Donation and interest income is recorded on receipt basis.

3.6 Taxation

The Trust is a not for profit organization and approved by the income tax authorities as not for profit organization under sub section 36 of section 2 of Income Tax Ordinance, 2001 read with rule 212 and 220 of Income Tax Rules, 2002

In view of the above, current and deferred tax has not been provided in these financial statements.

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and current and deposit account balances with banks.

3.8 Provisions

A provision should be recognized when, and only when, it is probable (i.e. more likely than not) that a current obligation exists, as a result of a past event, and that the settlement thereof will require a transfer of economic benefits that can be reliably estimated. The amount so estimated shall be recognized as a provision.

3.9 Recognition of Income

A grant including non-monetary grants at fair value are recognized when it is probable that the inflow of future economic benefits has occurred and inflow or other enhancement of future economic benefits can be measured reliably.

3.10 Related Party Transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of Trustees, it is in the interest of the Trust to do so.

4 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			Rate %	DEPRECIATION			W.D.V AS AT 30.06.22
	AS AT 01.07.21	Addition/ (Deletion)	AS AT 30.06.22		AS AT 01.07.21	FOR THE YEAR	AS AT 30.06.22	
Electrical Equipment	16,350	-	16,350	10%	8,972	738	9,710	6,640
Computer Equipment	173,100	-	173,100	10%	61,572	11,153	72,725	100,375
Office Equipment	5,000	-	5,000	10%	2,639	236	2,875	2,125
	194,450	-	194,450		73,183	12,127	85,310	109,140
2021	181,950	12,500	194,450		59,709	13,474	73,183	121,267

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	2022 Rupees	2021 Rupees
5 LOANS AND ADVANCES	<u>7,108,035</u>	<u>20,217,145</u>
6 OTHER RECEIVABLES	<u>406,533</u>	<u>20,712,703</u>
7 CASH AND BANK BALANCES		
Cash in Hand	5,214	3,714
Cash at Bank - Current Accounts	<u>60,671,468</u>	<u>23,994,300</u>
	<u>60,676,682</u>	<u>23,998,014</u>
8 RESTRICTED FUNDS		
Zakat - Burque (Note No. 8.1)	11,000,000	45,838,334
- Others (Note No. 8.2)	45,176,574	14,285,000
Sadqa - Burque (Note No. 8.3)	6,100,000	11,268,305
- Others (Note No. 8.4)	7,258,528	6,800,000
Micro Finance (Note No. 8.5)	<u>6,136,250</u>	<u>6,940,000</u>
	<u>75,671,352</u>	<u>85,131,639</u>
8.1	Represent donation received during the year, restricted for distribution to employees of Barque Corporation (Private) Limited who are eligible for Zakat as per the guidance of Zakat and Ushr Ordinance, 1980.	
8.2	Represent donation received during the year, restricted for distribution to people eligible for Zakat as per the guidance of Zakat and Ushr Ordinance, 1980.	
8.3	Represent donation received during the year, restricted for assistance of Barque Corporation (Private) Limited employees who are needy, indigent and poor particularly orphans and widows, the handicapped and the disabled etc.	
8.4	Represent donation received during the year, restricted for assistance who are needy, indigent and poor particularly orphans and widows, the handicapped and the disabled etc.	
8.5	Represent donation received during the year, restricted for providing micro finance facilitated to unemployed or low income individuals or groups who otherwise would have no other access to financial services.	
9 UNRESTRICTED FUNDS	<u>7,391,787</u>	<u>6,126,909</u>
10 OPERATING EXPENSES		
Salaries and Allowances	7,493,387	7,379,716
Software Maintenance	192,090	147,550
Donations and Others	69,952,580	76,298,672
Welfare Project Expenses	-	838,985
Miscellaneous Expenses	125,000	65,650
Depreciation	<u>12,127</u>	<u>13,474</u>
	<u>77,775,184</u>	<u>84,744,047</u>
11 ADMINISTRATIVE EXPENSES		
Communication	18,400	55,901
Advertisement	74,800	-
Conveyance	14,700	-
Office Expenses	-	-
Membership Fee	-	-
Audit Fee	139,800	-
Entertainment	3,153	36,200
Repair and Maintenance	470,000	-
Printing and Stationery	<u>168,883</u>	<u>13,985</u>
	<u>889,736</u>	<u>106,086</u>

	2022 Rupees	2021 Rupees
12 FINANCE COST		
Bank Charges	<u>113,533</u>	<u>543,279</u>

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies trustees and key management personnel. Transaction with related parties not shown elsewhere in these financial statements are as follows:

Name of related party	Relationship with the Trust	Nature of Transaction		
Burque Corporation (Private) Limited	Associated Companies / Common directorship	Income for the year	<u>-</u>	<u>2,381,825</u>
Trustees	-	Income for the year	<u>-</u>	<u>3,700</u>

14 NUMBER OF EMPLOYEES

Total number of employees as at June 30.	<u>8</u>	<u>9</u>
Average number of employees during the year.	<u>8</u>	<u>12</u>

15 FIGURES

Figures have been rounded off to the nearest rupee.

16 DATE OF AUTHORISATION

These financial statements were authorised for issue on March 13, 2023 by the Board of Trustees.



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