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## GREEN CRESCENT TRUST

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
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## Auditors' report to the Trustees

We have audited the annexed balance sheet of Green Crescent Trust (the Trust) as at 30 June 2013 and the related receipts and expenditure account, together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the year then ended. It is the responsibility of the management of the Trust to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the cash receipts and expenditure incurred which is a comprehensive basis of accounting other than generally accepted accounting principles. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion. Having completed the audit, we report that:

The Trust derives a considerable portion of its receipts from voluntary donations and other sources in the form of cash and kind, which is a common practice in organizations of similar nature and accordingly that cannot be fully controlled until they are entered in the accounting records and are not therefore subject to independent audit verification.

As described in note 2, the financial statements have been prepared on the cash receipts and expenditure basis of accounting, which is a comprehensive basis of accounting other than the generally accepted accounting principles. In our opinion, except for the effect(s), if any, of the matter stated in the preceding paragraph, the financial statements present fairly in all material respects the financial position of the Trust as at 30 June 2013 and cash receipts and expenditure for the year ended 30 June 2013 on the basis of accounting as described in note 2 to the statements.

*Ernst & Young Ford Rhodes Sidat Hyder*

Chartered Accountants

**Audit Engagement Partner:** Omar Mustafa Ansari

**Date:** 15 December 2014

**Place:** Karachi


**GREEN CRESCENT TRUST**


**BALANCE SHEET  
AS AT JUNE 30, 2013**

	Note	June 30, 2013	June 30, 2012 (Restated)
		-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	30,234,026	27,583,007
Long-term deposits	5	2,288,859	1,710,359
		<u>32,522,885</u>	<u>29,293,366</u>
<b>CURRENT ASSETS</b>			
Inventory	6	502,599	487,193
Loans, advances and prepayments	7	4,820,664	1,948,124
Bank balances	8	12,170,773	17,776,367
		<u>17,494,036</u>	<u>20,211,684</u>
<b>TOTAL ASSETS</b>		<u>50,016,921</u>	<u>49,505,050</u>
<b>LESS: CURRENT LIABILITIES</b>			
Advance from an employee		29,000	17,000
Current maturity of long-term loan	9	1,428,576	1,428,576
Accrued expense		92,203	-
		<u>1,549,779</u>	<u>1,445,576</u>
		<u>48,467,142</u>	<u>48,059,474</u>
<b>REPRESENTED BY:</b>			
<b>NON-CURRENT LIABILITY</b>			
Long-term financing	9	1,547,592	2,976,168
<b>FUNDS</b>			
General Fund	10	35,716,619	29,904,116
Flood Relief Fund	11	11,202,931	15,179,190
		<u>46,919,550</u>	<u>45,083,306</u>
		<u>48,467,142</u>	<u>48,059,474</u>

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

*Eufina*

  
Trustee

  
Trustee

**GREEN CRESCENT TRUST**

**RECEIPTS AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	June 30, 2013	June 30, 2012 (Restated)
		-----Rupees-----	
<b>RECEIPTS</b>			
Donations		12,672,471	15,288,541
Zakat		26,776,635	23,580,169
School fees received from students		28,083,665	21,968,592
Training income - Centre for Educational Research and Development		912,000	359,700
Sale of books		194,996	259,719
Profit on bank deposits		1,222,414	1,295,617
		<u>69,862,181</u>	<u>62,752,338</u>

**EXPENDITURE**

Head Office expenses – Secretariat	12	5,414,781	5,270,641
Center for Educational Research and Development expenses	13	575,580	1,172,185
Schools' expenses	14	50,928,209	41,999,744
Printing charges – books		137,047	321,416
Advertisement and publicity		1,963,811	427,616
Auditors' remuneration	15	92,203	49,175
Professional charges		21,250	-
Water project		1,315,529	486,672
Healthcare		365,000	20,400
Book bank		228,947	769,156
Orphan Support Program		336,101	380,762
Loss on disposal		5,686	55,768
Depreciation	4	2,665,534	2,110,583
Provision against tax deducted at source	7	-	540,058
		<u>64,049,678</u>	<u>53,604,176</u>

**EXCESS OF RECEIPTS OVER EXPENDITURE  
TRANSFERRED TO GENERAL FUND**

<u>5,812,503</u>	<u>9,148,162</u>
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The annexed notes 1 to 18 form an integral part of these financial statements.

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Trustee

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Trustee



**GREEN CRESCENT TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**1. THE TRUST AND ITS ACTIVITIES**

The Green Crescent Trust (the Trust) was registered in November 1990 with the objective of providing educational, social and medical facilities to the needy persons. The main activities of the Trust are to set up, manage, maintain, administer and run schools in various localities. The Trust is also operating a Centre for Educational Research and Development (CERD).

These financial statements include the transactions relating to the aforesaid schools and CERD.

**2. BASIS OF PREPARATION**

The financial statements are prepared on the cash receipts and expenditure basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Operating fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to receipt and expenditure account applying the diminishing balance method, except for building on leasehold land which is being depreciated on straight line method. Full year's depreciation is charged on additions in the year of purchase, while no depreciation is charged on deletions in the year of disposal.

Gain or loss on sale or retirement of fixed assets is included in current year's receipt and expenditure account.

Repairs and maintenance are charged to receipt and expenditure account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

The asset's residual value, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

**Capital work-in-progress**

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of tangible assets in the course of their acquisition and installation.

**3.2 Inventories**

The inventories are valued using the weighted average method.

**3.3 Revenue recognition**

Zakat and donations are recorded as and when received. Donations in kind are recorded at estimated value, determined by an independent valuer on the basis of prevailing market prices.

Training income, school fees, income from sale of books and profit on bank deposits are accounted for on receipt basis.

**3.4 Taxation**

See note 16.

*E. J. P. S.*

4. PROPERTY AND EQUIPMENT  
Operating fixed assets  
Capital work-in-progress

4.1 Operating fixed assets

	June 30, 2013	June 30, 2012 (Restated)
Operating fixed assets	30,234,026	26,033,007
Capital work-in-progress	-	1,550,000
	<u>30,234,026</u>	<u>27,583,007</u>

	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at July 01, 2012	Additions	Disposal	As at June 30, 2013	As at July 01, 2012	For the Year	Disposal	As at June 30, 2013	As at June 30, 2013	
Freehold Land	1,700,000	-	-	1,700,000	-	-	-	-	1,700,000	
<b>Building:</b>										
Head Office	21,430,820	-	-	21,430,820	3,975,283	872,777	-	4,848,060	16,582,760	
School	1,519,601	765,029	-	2,284,630	194,929	104,485	-	299,414	1,985,216	
Leasehold Improvements	2,035,095	110,300	-	2,145,395	326,181	370,568	-	696,749	1,448,646	
Furniture and fixtures	5,795,740	2,194,150	10,500	7,979,390	2,327,056	566,067	(8,338)	2,884,785	5,094,605	
Office equipment	1,830,870	413,380	50,000	2,194,250	746,837	146,789	(20,476)	873,150	1,321,100	
Computers and related accessories	845,041	398,380	-	1,243,421	608,039	150,615	-	798,654	444,767	
Vehicles	1,808,233	1,317,000	-	3,125,233	1,065,790	411,889	-	1,477,679	1,647,554	
Library books	127,144	-	-	127,144	115,422	2,344	-	117,766	9,378	
	<u>35,392,544</u>	<u>6,898,239</u>	<u>60,500</u>	<u>42,230,283</u>	<u>9,359,537</u>	<u>2,665,534</u>	<u>(28,814)</u>	<u>11,996,257</u>	<u>30,234,026</u>	

- 4.1.1 This represents the amount of Rs. 850,000 paid during the year and Rs. 850,000 transferred from CWIP for the purchase of freehold land. The amount was allocated under CWIP as land documents were not received during the preceding year.
- 4.1.2 Included herein is amount of Rs. 700,000 transferred from CWIP as the construction has been completed during the year.
- 4.1.3 This represents the expenditure incurred during the year on rented school premises. This cost is depleted over six years period. Amount of Rs. 13,002 short provided previous year has been adjusted during the current year.

*Elkann*

	COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As at July 01, 2011	Additions	As at June 30, 2012	Rate/ years	For the year	Written off	As at June 30, 2012	
Note	Rupees							Rupees
<b>June 30, 2012 (Restated)</b>								
<b>Buildings: (Restated)</b>								
Head Office – owned	21,430,820	-	21,430,820	5	918,712	-	3,975,283	
School – owned	675,000	844,601	1,519,601	5	69,720	-	194,929	
Leasehold improvements	-	2,035,095	2,035,095	6 yrs	326,181	-	326,181	
Furniture and fixtures	4,572,820	1,222,920	5,795,740	10	385,409	-	2,327,056	
Office equipment	1,479,340	436,530	1,830,870	10	120,448	29,232	746,837	
Computers and related accessories	671,210	173,831	845,041	30	101,572	-	608,039	
Vehicles	1,808,233	-	1,808,233	20	185,611	-	1,065,790	
Library books	127,144	-	127,144	20	2,930	-	115,422	
	<u>30,764,567</u>	<u>4,712,977</u>	<u>35,392,544</u>		<u>2,110,583</u>	<u>29,232</u>	<u>9,359,537</u>	
							<u>26,033,007</u>	

**4.1.1** During the year management has identified that an error was made in recognition of cost of building and its corresponding depreciation expense pertaining to prior years. Accordingly, comparative figures in balance sheet and receipt and expenditure account have been restated to incorporate the adjustments retrospectively (Note 10).

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	Note	June 30, 2013	June 30, 2012
-----Rupees-----			
<b>4.2 Capital Work in Progress</b>			
Advance given in respect of:			
Opining Balance		1,550,000	-
Purchase of Land transferred to freehold Land		(850,000)	850,000
Construction on school premises transferred to school building		(700,000)	700,000
		<u>-</u>	<u>1,550,000</u>
<b>5. LONG-TERM DEPOSITS</b>			
Security deposits - rent		<u>2,288,859</u>	<u>1,710,359</u>
<b>6. INVENTORY</b>			
Books		<u>502,599</u>	<u>487,193</u>
<b>7. LOANS, ADVANCES AND PREPAYMENT</b>			
Loans			
Employees	7.1	7,700	35,200
Advances			
Employees	7.2	4,418,157	1,562,424
Tax deducted at source		706,865	540,058
Provision made during the year		(540,058)	(540,058)
		<u>166,807</u>	<u>-</u>
Prepayment		4,584,964	1,562,424
Rent		<u>228,000</u>	<u>350,500</u>
		<u>4,820,664</u>	<u>1,948,124</u>
7.1	These are interest free personal loans given to the employees of the Trust, recoverable in one year.		
7.2	This represents advances given to employees for incurring non-routine expenses of the schools.		
<b>8. BANK BALANCES</b>			
At banks in:			
Current accounts		2,967,425	1,261,361
Savings accounts	8.1	9,203,348	16,515,006
		<u>12,170,773</u>	<u>17,776,367</u>
8.1	These carry return at rates, ranging between 4% and 5% (2012: 4% and 5%) per annum.		
<b>9. LONG-TERM FINANCING – Diminishing Musharaka</b>			
From a commercial bank	9.1 & 9.2	2,976,168	4,404,744
Current portion shown under current liabilities		(1,428,576)	(1,428,576)
		<u>1,547,592</u>	<u>2,976,168</u>

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- 9.1 The Trust had entered into a Diminishing Musharaka Agreement with Bank Islami Pakistan Limited (BIPL) for the purchase of a building. The share of BIPL in the asset is purchased by the Trust in 84 equal monthly instalments in form of units. The profit rate on this agreement for the rentals against the units held by the bank is 14.75% per annum. These are secured against proportionate ownership and an equitable mortgage by deposit of title deeds in respect of the Musharaka property, personal guarantees of the Trustees and a demand promissory note.
- 9.2 During the year management has identified that an error was made in recognition of Diminishing Musharaka Liability and corresponding rentals on Diminishing Musharaka. Accordingly, comparative figures in balance sheet and receipt and expenditure account have been restated to incorporate the adjustments retrospectively (Note 10).

	Note	June 30, 2013	June 30, 2012
-----Rupees-----			
<b>10. GENERAL FUND</b>			
Balance as at 01 July 2013 as previously stated		29,904,116	23,442,311
Effect of restatement			
Impact of accumulated depreciation	10.1	-	745,067
Impact of accumulated rentals under Diminishing Musharaka	10.1	-	(3,431,424)
Balance as at 01 July 2013 as restated		29,904,116	20,755,954
Excess of receipts over expenditure as previously stated		5,812,503	9,688,056
Impact of rentals under Diminishing Musharaka for the year 2012	10.1	-	(763,839)
Impact of depreciation charge for the year 2012	10.1	-	223,945
Excess of receipts over expenditure as restated		5,812,503	9,148,162
		<u>35,716,619</u>	<u>29,904,116</u>

#### 10.1 CORRECTION OF ERROR

During the year management identified that the profit of BIPL under Diminishing Musharaka agreement has been wrongly capitalized as the cost of building (head office) in prior years and the corresponding impact was wrongly recognized as liability. The amount of profit should have been recognized in receipt and expenditure account when incurred over the period of Musharaka agreement. Impact on balance sheet and receipts and expenditure account of this correction as of June 30, 2012 is as follows:

	Rupees
<b>Impact on balance sheet</b>	
Decrease in operating fixed assets – building (head office)	<u>(5,223,958)</u>
Decrease in Diminishing Musharaka Liability	<u>(5,223,958)</u>
Decrease in accumulated depreciation of building (head office)	<u>(745,067)</u>
<b>Impact on general fund balance</b>	
Increase due to impact of accumulated depreciation	745,067
Decrease due to impact of accumulated rentals under Diminishing Musharaka Liability	<u>(3,431,424)</u>
	<u>(2,686,357)</u>
<b>Impact on receipts and expenditure account</b>	
Increase in rental under Diminishing Musharaka for the year 2012	<u>763,839</u>
Decrease in depreciation charge for the year 2012	<u>223,945</u>

#### 11. FLOOD RELIEF FUND

Opening balance		15,179,190	4,265,714
Receipts during the year	11.1	246,873	13,213,700
Utilised during the year		(4,223,132)	(2,300,224)
		<u>11,202,931</u>	<u>15,179,190</u>

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11.1 The above represents the aggregated amount of donations received by the Trust from Al-Khidmat Welfare Society and several other donors for the purpose of providing educational and social facilities to the flood victims.

	Note	June 30, 2013	June 30, 2012
		-----Rupees-----	
<b>12. HEAD OFFICE EXPENSES – SECRETARIAT</b>			
Salaries and allowances		3,661,176	3,454,844
Rental of Diminishing Musharaka asset	10	553,126	763,839
Utilities		187,366	174,641
Printing and stationery		68,853	69,456
Office supplies		58,015	87,400
Vehicle running and maintenance		301,708	271,758
Communication expenses		127,067	127,794
Postage and telegram		6,351	3,285
Bank charges		5,830	18,380
Repairs and maintenance		344,306	197,337
Entertainment		89,258	84,492
Others		11,725	17,415
		<u>5,414,781</u>	<u>5,270,641</u>
<b>13. CENTRE FOR EDUCATIONAL RESEARCH AND DEVELOPMENT EXPENSES</b>			
Salaries and allowances		427,000	983,903
Printing and stationery		40,948	16,197
Repairs and maintenance		18,875	7,908
Training and consultancy		15,324	29,800
Functions and seminars		10,068	83,456
Conveyance & Travelling expenses		3,450	2,050
Office supplies		5,400	2,350
Postage and telegram		2,104	1,450
Communication expenses		15,200	12,818
Entertainment expenses		37,211	25,615
Others		-	5,638
		<u>575,580</u>	<u>1,172,165</u>
<b>14. SCHOOLS' EXPENSES</b>			
Salaries, allowance and benefits		34,784,812	28,801,647
Printing and stationery		1,945,006	2,009,852
Vehicle running and maintenance		1,101,643	948,313
Repair and maintenance		2,626,762	2,007,338
Rent		6,113,493	4,634,756
Travelling and conveyance		1,531,511	1,242,786
Functions and seminars		624,893	580,640
Training		237,980	231,770
Publicity and advertising		48,607	24,825
Office supplies		131,955	105,727
Entertainment		831,341	575,913
Utilities		688,764	566,876
Communication expense		195,144	167,966
Others		66,298	101,315
		<u>50,928,209</u>	<u>41,999,744</u>
<b>15. AUDITORS' REMUNERATION</b>			
Audit fee		75,000	40,000
Out-of-pocket		17,203	9,175
		<u>92,203</u>	<u>49,175</u>

*E.H.F.M.M.*

16. TAXATION

The Trust has been granted exemption from tax under clauses (58) and (59) of Part - I of the Second Schedule to the Income Tax Ordinance, 1979 by the Deputy Commissioner of Income Tax. The Trust files returns every year u/s 120 of Income Tax Ordinance, 2001, which shall be taken to be assessment orders passed by the Commissioner of Income Tax (CIT) on the day the said returns are furnished.

17. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Trustees on

15 DEC 2014

18. GENERAL

Figures have been rounded off to the nearest rupee.

*EHS*

  
Trustee

  
Trustee