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## **GREEN CRESCENT TRUST**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

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

We have audited the annexed balance sheet of the **Green Crescent Trust (the Trust)** as at 30 June 2014 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 Trustees 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 basis of preparation as described in note 2 to the annexed financial statements. 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.

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 cash receipts and expenditure of the Trust for the year ended 30 June 2014 on the basis of accounting as described in note 2 to the statements.

Chartered Accountants

**Audit Engagement Partner:** Khurram Jameel

**Date:** 20 April 2015

**Place:** Karachi

# GREEN CRESCENT TRUST

## BALANCE SHEET AS AT JUNE 30, 2014

		June 30, 2014	June 30, 2013
	Note	-----Rupees-----	
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	45,764,095	30,234,026
Long-term deposits	5	3,073,359	2,288,859
		<u>48,837,454</u>	<u>32,522,885</u>
<b>CURRENT ASSETS</b>			
Books		664,187	502,599
Loans, advances and prepayment	6	5,987,540	4,820,664
Bank balances	7	18,558,923	12,170,773
		<u>25,210,650</u>	<u>17,494,036</u>
<b>TOTAL ASSETS</b>		<u>74,048,104</u>	<u>50,016,921</u>
<b>LESS: CURRENT LIABILITIES</b>			
Advance from an employee		-	29,000
Current maturity of long-term loan		1,428,576	1,428,576
Accrued expenses		2,07,347	92,203
		<u>1,635,923</u>	<u>1,549,779</u>
<b>NET ASSETS</b>		<u>72,412,181</u>	<u>48,467,142</u>
<b><u>REPRESENTED BY:</u></b>			
<b>NON-CURRENT LIABILITY</b>			
Long-term loan	8	119,016	1,547,592
<b>ACCUMULATED FUNDS</b>			
General fund	9	66,112,776	35,716,619
Flood relief fund	10	6,180,389	11,202,931
		<u>72,293,165</u>	<u>46,919,550</u>
		<u>72,412,181</u>	<u>48,467,142</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

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# GREEN CRESCENT TRUST

## RECEIPTS AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013
<b>RECEIPTS</b>			
Donations		40,720,541	12,672,471
Zakat		43,148,505	26,776,635
School fees received from students		34,796,256	28,083,665
Training income – Centre for Educational Research and Development		1,002,400	912,000
Sale of books		427,260	194,996
Profit on bank deposits		824,459	1,222,414
Gain on sale of fixed assets		22,264	-
		<u>120,941,685</u>	<u>69,862,181</u>
<b>EXPENDITURE</b>			
Head office expenses – secretariat	11	6,641,778	4,874,731
Center for Educational Research and Development expenses	12	781,674	575,580
School expenses	13	72,161,551	50,928,209
Printing charges		207,891	137,047
Advertisement and publicity		1,560,627	1,963,811
Auditors' remuneration		100,000	92,203
Professional charges		86,250	21,250
Water project		2,180,480	1,315,529
Healthcare		142,500	365,000
Book bank		893,899	228,947
Orphan Support Program		2,088,141	336,101
Loss on disposal of fixed assets – net		-	5,686
Depreciation	4	3,380,086	2,665,534
Provision against tax deducted at source	6	320,651	540,050
		<u>90,545,528</u>	<u>64,049,678</u>
<b>SURPLUS TRANSFERRED TO GENERAL FUND</b>		<u>30,396,157</u>	<u>5,812,503</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

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**GREEN CRESCENT TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**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**

These 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 balance sheet date.

**Capital work-in-progress**

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

**3.2 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.

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	Note	June 30, 2014	June 30, 2013
		Rupees	
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	36,973,095	30,234,026
Capital work-in-progress	4.2	8,791,000	-
		<u>45,764,095</u>	<u>30,234,026</u>

## 4.1 Operating fixed assets

	Note	COST				Rate %	ACCUMULATED DEPRECIATION				NET BOOK VALUE
		As at July 01, 2013	Additions	(Deletion)	As at June 30, 2014		As at July 01, 2013	Charge for the year	(On deletions)	As at June 30, 2014	As at June 30, 2014
		Rupees					Rupees				
<b>June 30, 2014</b>											
Freehold Land		1,700,000	2,450,000	-	4,150,000		-	-	-	-	4,150,000
<b>Building:</b>											
Head Office		21,430,820	-	-	21,430,820	5	4,848,060	829,138	-	5,677,198	15,753,622
School – owned		2,284,630	-	-	2,284,630	5	299,414	99,261	-	398,675	1,885,955
Leasehold improvements	4.1.1	2,145,395	812,275	-	2,957,670	6 yrs	696,749	492,945	-	1,189,694	1,767,976
Furniture and fixtures		7,979,390	4,534,396	(3,830)	12,509,956	10	2,884,785	962,517	(2,550)	3,844,752	8,665,204
Office equipment		2,194,950	839,840	-	3,034,090	10	873,150	216,094	-	1,089,244	1,944,846
Computers and related accessories		1,243,421	222,380	-	1,465,801	30	798,654	200,144	-	998,798	467,003
Vehicles		3,125,233	1,281,000	(38,000)	4,368,233	20	1,477,679	578,111	(18,544)	2,037,246	2,330,987
Library books		127,144	-	-	127,144	20	117,766	1,876	-	119,642	7,502
		42,230,283	10,139,891	(41,830)	52,328,344		11,996,257	3,380,086	(21,094)	15,355,249	36,973,095

4.1.1 This represents the expenditure incurred on rented school premises. This cost has to be depleted over six years period.

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	COST				Rate / years	ACCUMULATED DEPRECIATION				NET BOOK VALUE
	As at July 01, 2012	Additions	(Deletions)	As at June 30, 2013		As at July 01, 2012	Charge for the Year	Charge (on deletion)	As at June 30, 2013	As at June 30, 2013
	Rupees					Rupees				
<b>June 30, 2013</b>										
Leasehold Land	-	1,700,000	-	1,700,000		-	-	-	-	1,700,000
<b>Buildings:</b>										
Head office	21,430,820	-	-	21,430,820	5	3,975,283	872,777	-	4,848,060	16,582,760
School – owned	1,519,601	765,029	-	2,284,630	5	194,929	104,485	-	299,414	1,985,216
Leasehold improvements	2,035,095	110,330	-	2,145,395	6 yrs	326,181	370,568	-	696,749	1,448,646
Furniture and fixtures	5,795,740	2,194,150	10,000	7,979,390	10	2,327,056	566,067	(8,338)	2,884,785	5,094,605
Office equipment	1,830,870	413,380	50,000	2,194,950	10	746,837	146,789	(20,476)	873,150	1,321,100
Computers and related accessories	845,041	398,380	-	1,243,421	30	608,039	190,615	-	798,654	444,767
Vehicles	1,808,233	1,317,000	-	3,125,233	20	1,065,790	411,889	-	1,477,679	1,647,554
Library books	127,144	-	-	127,144	20	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>

	Note	June 30, 2014	June 30, 2013
		-----Rupees-----	
<b>4.2 Capital Work in Progress</b>			
Advance given in respect of:			
As at July 01, 2013		-	1,550,000
Advance against purchase of land transferred to freehold land		-	(850,000)
Construction on school premises transferred to school building		-	(700,000)
Advance against purchase of freehold Land		8,791,000	-
		<u>8,791,000</u>	<u>-</u>
<b>5. LONG-TERM DEPOSITS</b>			
Security deposits – rent		<u>3,073,359</u>	<u>2,288,859</u>
<b>6. LOANS, ADVANCES AND PREPAYMENT</b>			
<b>Loans</b>			
Employees	6.1	68,600	7,700
<b>Advances</b>			
Employees	6.2	4,997,440	4,418,157
Others		550,000	-
Tax deducted at source		860,709	706,865
Provision made during the year		(860,709)	(540,058)
		-	166,807
		<u>5,547,440</u>	<u>4,584,964</u>
<b>Prepayment</b>			
Rent		371,500	228,000
		<u>5,987,540</u>	<u>4,820,664</u>
<b>6.1</b>	These are interest free personal loans given to the employees of the Trust, recoverable in one year.		
<b>6.2</b>	This represents advances given to employees for incurring non-routine expenses of the schools.		
<b>7. BANK BALANCES</b>			
Current accounts		2,320,592	2,967,425
Savings accounts	7.1	16,238,331	9,203,348
		<u>18,558,923</u>	<u>12,170,773</u>
<b>7.1</b>	These carry return at rates, ranging between 4% and 5% (2013: 4% and 5%) per annum.		
<b>8. LONG-TERM LOAN – Diminishing Musharkah finance</b>			
From a commercial bank	8.1	1,547,592	2,976,168
Current portion shown under current liabilities		(1,428,576)	(1,428,576)
		<u>119,016</u>	<u>1,547,592</u>
<b>8.1</b>	The Trust had entered into a Diminishing Musharkah 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 installments 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 the deeds in respect of the Musharaka property, personal guarantees of the Trustees and a demand promissory note.		

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	Note	June 30, 2014	June 30, 2013
		-----Rupees-----	
<b>9. GENERAL FUND</b>			
As at July 01, 2013		35,716,619	29,904,116
Surplus transferred during the year		30,396,157	5,812,503
		<u>66,112,776</u>	<u>35,716,619</u>
<b>10. FLOOD RELIEF FUND</b>			
As at July 01, 2013		11,202,931	15,179,190
Receipts during the year	10.1	-	246,873
Utilised during the year		(5,022,542)	(4,223,132)
		<u>6,180,389</u>	<u>11,202,931</u>
<b>10.1</b> 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.			
<b>11. HEAD OFFICE EXPENSES – SECRETARIAT</b>			
Salaries and allowances		4,607,523	3,661,176
Rental of Diminishing Musharaka asset		342,410	553,126
Utilities		211,131	187,366
Printing and stationery		78,806	68,853
Office supplies		103,170	58,015
Vehicle running and maintenance		344,592	301,708
Communication expenses		131,707	127,067
Postage and telegram		350	6,351
Bank charges		12,145	5,830
Repairs and maintenance		148,903	344,306
Entertainment		138,129	89,258
Others		522,912	11,725
		<u>6,641,778</u>	<u>5,414,781</u>
<b>12. CENTRE FOR EDUCATIONAL RESEARCH AND DEVELOPMENT EXPENSES</b>			
Salaries and allowances		552,000	427,000
Printing and stationery		40,770	40,948
Repairs and maintenance		20,352	18,875
Training and consultancy		13,000	15,324
Functions and seminars		99,498	10,068
Conveyance and travelling expenses		18,122	3,450
Office supplies		1,550	5,400
Communication expenses		14,500	2,104
Entertainment expenses		21,512	15,200
Others		370	37,211
		<u>781,674</u>	<u>575,580</u>

## 13. SCHOOLS' EXPENSES

Note	June 30, 2014	June 30, 2013
	-----Rupees-----	
Salaries, allowance and benefits	48,864,118	34,784,812
Printing and stationery	2,250,020	1,945,006
Vehicle running and maintenance	1,067,620	1,101,643
Repair and maintenance	5,424,797	2,626,762
Rent	7,890,186	6,113,493
Travelling and conveyance	2,391,477	1,531,511
Functions and seminars	1,314,766	624,893
Training	240,072	237,980
Publicity and advertising	130,786	48,607
Office supplies	277,341	131,955
Entertainment	1,056,417	831,341
Utilities	941,332	688,764
Communication expense	206,277	195,144
Others	106,342	66,298
	<u>72,161,551</u>	<u>50,928,209</u>

## 14. 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 under section 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.

## 15. DATE OF AUTHORIZATION FOR ISSUE

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

## 16. GENERAL

Figures have been rounded off to the nearest rupee.

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