



**AUDITORS' REPORT ON FINANCIAL STATEMENTS OF**

**GREENT CRESCENT TRUST**

**FOR THE YEAR ENDED 30 JUNE 2016**

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
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### **Independent auditors' report to the Trustees**

We have audited the accompanying financial statements of **Green Crescent Trust** (the Trust) which comprise of the balance sheet as at **30 June 2016**, and the related receipts and expenditure account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

It is the responsibility of management 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 basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for qualified opinion**

The Trust derives certain portion of its receipts from voluntary donations and other sources in the form of cash and kind, accordingly that cannot be fully controlled until they are entered in the accounting records and are not therefore subject to independent audit verification.

### **Opinion**

In our opinion, except for the possible effect, 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 2016 and its surplus for the year then ended in accordance with the cash receipts and expenditure basis of accounting.

**Chartered Accountants**

**Audit Engagement Partner's Name:** Tariq Feroz Khan

**Date:** 16 May 2017

**Place:** Karachi

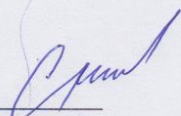


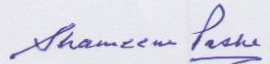
**GREEN CRESCENT TRUST  
BALANCE SHEET  
AS AT 30 JUNE 2016**

	Note	30 June 2016	30 June 2015
		-----Rupees-----	
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	78,100,023	62,924,572
Intangible asset	5	150,000	100,000
Long-term deposits	6	9,285,359	6,127,359
		<u>87,535,382</u>	<u>69,151,931</u>
<b>CURRENT ASSETS</b>			
Books		490,290	515,570
Loans, advances and prepayment	7	12,787,292	9,557,280
Bank balances	8	35,760,521	24,350,796
		<u>49,038,103</u>	<u>34,423,646</u>
<b>TOTAL ASSETS</b>		<u>136,573,485</u>	<u>103,575,577</u>
<b>LESS: CURRENT LIABILITIES</b>			
Current maturity of long-term loan		-	119,016
Accrued expenses		377,959	269,915
		<u>377,959</u>	<u>388,931</u>
<b>NET ASSETS</b>		<u>136,195,526</u>	<u>103,186,646</u>
<b>REPRESENTED BY:</b>			
<b>ACCUMULATED FUNDS</b>			
General fund	9	119,613,150	97,879,481
Flood relief fund	10	-	1,410,991
Education Fund for Sindh	11	-	3,896,174
Sindh Education Foundation	12	16,582,376	-
		<u>136,195,526</u>	<u>103,186,646</u>
		<u>136,195,526</u>	<u>103,186,646</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

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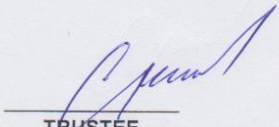
  
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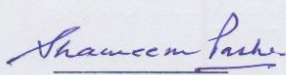
**GREEN CRESCENT TRUST**  
**RECEIPTS AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	30 June 2016	30 June 2015
RECEIPTS			
Zakat		93,344,921	54,312,558
Donations		52,418,275	48,463,043
School fees received from students		53,626,509	46,238,506
EFS – School grant		11,669,056	7,767,200
SEF – School grant	12	5,627,224	-
EFS – School Establishment fund	11	13,025,774	15,123,826
Profit on bank deposits		495,665	1,120,456
Training income – Centre for Educational Research and Development		653,250	840,050
Sale of books		41,500	232,860
Others		103,019	-
		<u>231,005,193</u>	<u>174,098,499</u>
EXPENDITURE			
School expenses	13	122,184,628	94,190,586
Water project		10,635,419	10,055,767
Head office expenses – secretariat	14	11,166,439	9,116,976
EFS – School expenses	15	39,439,238	13,380,798
Orphan support program		8,743,114	6,887,633
Depreciation	4	5,692,871	4,617,622
SEF Schools expense	16	4,442,055	-
Advertisement and publicity		2,802,487	2,169,656
Center for Educational Research and Development expenses	17	1,708,123	864,964
Book bank		1,781,966	328,940
Provision against tax deducted at source	7.3	321,944	287,361
Auditors' remuneration		150,000	150,000
Printing charges		25,280	148,617
Professional charges		77,960	82,875
Amortization	5	100,000	50,000
		<u>209,271,524</u>	<u>142,331,795</u>
<b>SURPLUS TRANSFERRED TO GENERAL FUND</b>		<u>21,733,669</u>	<u>31,766,704</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

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**TRUSTEE**

  
**TRUSTEE**



**GREEN CRESCENT TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**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 and leasehold improvements which are depreciated by using straight line method. Full year's depreciation is charged on additions in the year the asset is available for use, 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, if recognition criteria are met 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.

**3.2. 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.

**3.3. Intangible asset**

Computer software acquired by the Company are stated at cost less amortisation. Cost represents the cost incurred to acquire the software and bring it to use. The cost of computer software is amortised over the estimated useful life as disclosed in note 5 to the financial statements.

The useful life of intangible asset is reviewed at each reporting date. The effect of any adjustment to useful life is recognised prospectively as a change of accounting estimate.

Cost associated with maintaining computer software's are charged to profit and loss account.

**3.4. Revenue recognition**

Zakat and donations are recorded as and when received. Donations in kind are recorded at estimated fair 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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**GREEN CRESCENT TRUST**

	Note	30 June 2016	30 June 2015
		-----Rupees-----	
<b>4. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	4.1	54,724,784	46,133,172
Capital work-in-progress	4.2	23,375,239	16,791,400
		<u>78,100,023</u>	<u>62,924,572</u>

**4.1. Operating fixed assets**

		COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	Note	As at 01 July 2015	Additions / **Transfers (Rupees)	As at 30 June 2016	As at 01 July 2015	Charge for the year (Rupees)	As at 30 June 2016	As at 30 June 2016	Rate years %
<b>30 June 2016</b>									
Freehold land		4,150,000	*50,000	4,200,000	-	-	-	4,200,000	
<b>Building:</b>									
Head office		21,430,820	-	21,430,820	6,464,879	748,297	7,213,176	14,217,644	5
School – owned		2,284,630	**946,720	3,231,350	492,973	136,919	629,892	2,601,458	5
Leasehold improvements - building	4.1.1	2,957,670	290,530	3,248,200	1,682,639	541,367	2,224,006	1,024,194	6 yrs
Furniture and fixtures	4.1.2	23,203,783	9,505,111 *(50,000)	32,658,894	5,775,655	2,683,324	8,458,979	24,199,915	10
Office equipment		5,112,342	2,232,681	7,345,023	1,491,554	585,347	2,076,901	5,268,122	10
Computers and related accessories		2,471,421	523,197	2,994,618	1,440,585	466,210	1,906,795	1,087,823	30
Vehicles		4,368,233	786,245	5,154,478	2,503,443	530,207	3,033,650	2,120,828	20
Library books		127,144	-	127,144	121,143	1,201	122,344	4,800	20
		<u>66,106,043</u>	<u>14,284,484</u>	<u>80,390,527</u>	<u>19,972,871</u>	<u>5,692,872</u>	<u>25,665,743</u>	<u>54,724,784</u>	
	Note	As at 01 July 2014	Additions (Rupees)	As at 30 June 2015	As at 01 July 2014	Charge for the Year (Rupees)	As at 30 June 2015	As at 30 June 2015	Rate years %
<b>30 June 2015</b>									
Freehold land		4,150,000	-	4,150,000	-	-	-	4,150,000	
<b>Building:</b>									
Head office		21,430,820	-	21,430,820	5,677,198	787,681	6,464,879	14,965,941	5
School – owned		2,284,630	-	2,284,630	398,675	94,298	492,973	1,791,657	5
Leasehold improvements - building	4.1.1	2,957,670	-	2,957,670	1,189,694	492,945	1,682,639	1,275,031	6 yrs
Furniture and fixtures	4.1.2	12,509,956	10,693,827	23,203,783	3,844,752	1,930,903	5,775,655	17,428,128	10
Office equipment		3,034,090	2,078,252	5,112,342	1,089,244	402,310	1,491,554	3,620,788	10
Computers and related accessories		1,465,801	1,005,620	2,471,421	998,798	441,787	1,440,585	1,030,836	30
Vehicles		4,368,233	-	4,368,233	2,037,246	466,197	2,503,443	1,864,790	20
Library books		127,144	-	127,144	119,642	1,501	121,143	6,001	20
		<u>52,328,344</u>	<u>13,777,699</u>	<u>66,106,043</u>	<u>15,355,249</u>	<u>4,617,622</u>	<u>19,972,871</u>	<u>46,133,172</u>	

\* This represents reclassification during the year.

\*\* This represents transfer from capital work in progress to operating fixed assets.

4.1.1. This represents the expenditure incurred on rented school premises.

4.1.2. This includes furniture and fixtures purchased during the year for the establishment of schools through Education Fund for Sindh as stated in note 11.1.

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30 June 2016      30 June 2015  
Note -----Rupees-----

#### 4.2. Capital Work in Progress

Leasehold improvements - building	5,000,000	-
Building: Head Office	-	11,621,250
Building: School – owned	18,375,239	5,170,150
	<u>23,375,239</u>	<u>16,791,400</u>

##### 4.2.1. Movement for capital work in progress is as follows:

As at 01 July 2015	16,791,400	8,791,000
Additions during the year	14,151,809	8,000,400
Transfer to operating fixed assets	(946,720)	-
Written off	(1,621,250)	-
Advance recovered	(5,000,000)	-
	<u>23,375,239</u>	<u>16,791,400</u>

#### 5. INTANGIBLE ASSETS

	C O S T			ACCUMULATED AMORTIZATION			Book value as at 30 June 2016	Amorti- zation rate %
	As at 01 July 2015	Additions	As at 30 June 2016	As at 01 July 2015	Charge for the year	As at 30 June 2016		
Computer software	150,000	150,000	300,000	50,000	100,000	150,000	150,000	33.33
2016	150,000	150,000	300,000	50,000	100,000	150,000	150,000	
2015	-	150,000	150,000	-	50,000	50,000	100,000	

6. This represents security deposits and long-term portion of advance rent given under rent agreements.

30 June 2016      30 June 2015  
Note -----Rupees-----

#### 7. LOANS, ADVANCES AND PREPAYMENT

<b>Loans</b>			
Employees	7.1	175,548	196,000
<b>Advances</b>			
Employees	7.2	9,911,081	7,584,080
Others		1,598,852	950,000
		11,509,933	8,534,080
Tax deducted at source		1,470,014	1,148,070
Provision made during the year		(1,470,014)	(1,148,070)
		-	-
<b>Prepayment</b>			
Rent		1,101,811	827,200
		<u>12,787,292</u>	<u>9,557,280</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 routine expenses of the schools.
- 7.3. Provision made during the year Rs.321,944.(2015: Rs.287,361).

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**GREEN CRESCENT TRUST**

		30 June 2016	30 June 2015
	Note	-----Rupees-----	
<b>8. BANK BALANCES</b>			
Current accounts		9,852,912	7,115,192
Savings accounts	8.1	<u>25,907,609</u>	<u>17,235,604</u>
		<u>35,760,521</u>	<u>24,350,796</u>

8.1. These carry return at rates, ranging between 2.40% to 4.77% (2015: 5% to 5.5%) per annum.

		30 June 2016	30 June 2015
	Note	-----Rupees-----	
<b>9. GENERAL FUND</b>			
Opening balance		97,879,481	66,112,776
Surplus transferred during the year		<u>21,733,669</u>	<u>31,766,704</u>
		<u>119,613,150</u>	<u>97,879,480</u>

<b>10. FLOOD RELIEF FUND</b>			
Opening balance		1,410,991	6,180,389
Utilised during the year		<u>(1,410,991)</u>	<u>(4,769,398)</u>
		<u>-</u>	<u>1,410,991</u>

**11. EDUCATION FUND FOR SINDH**

**Schools Establishment Fund**

Opening Balance		3,896,174	-
Receipts during the year		9,129,600	19,020,000
Funds utilized as:			
- capital expenditure	11.1	<u>(1,995,760)</u>	<u>(10,471,175)</u>
- general expenses		<u>(11,030,014)</u>	<u>(4,652,651)</u>
		<u>(13,025,774)</u>	<u>(15,123,826)</u>
		<u>-</u>	<u>3,896,174</u>

11.1. The amount represents furniture and fixtures purchased for various schools as stated in note 4.1 to the financial statements.

**12. SINDH EDUCATION FOUNDATION**

**Schools Establishment Fund**

Schools Support Fund			
- receipts during the year		22,209,600	-
- utilised during the year		<u>(5,627,224)</u>	<u>-</u>
		<u>16,582,376</u>	<u>-</u>

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**GREEN CRESCENT TRUST**

	30 June 2016	30 June 2015
Note	-----Rupees-----	
<b>13. SCHOOLS' EXPENSES</b>		
Salaries, allowance and benefits	84,910,655	65,219,014
Printing and stationery	3,311,804	2,669,584
Vehicle running and maintenance	910,210	1,171,299
Repair and maintenance	5,637,307	4,829,453
Rent	14,157,491	11,599,657
Travelling and conveyance	4,190,873	3,004,190
Functions and seminars	2,092,049	1,518,671
Training	383,003	685,120
Publicity and advertising	479,180	211,267
Office supplies	25,130	133,245
Entertainment	1,949,294	1,389,011
Utilities	1,684,437	1,183,729
Communication expense	1,767,196	499,879
Others	685,999	76,467
	<u>122,184,628</u>	<u>94,190,586</u>
<b>14. HEAD OFFICE EXPENSES – SECRETARIAT</b>		
Salaries and allowances	7,283,027	6,202,895
Rental of Diminishing Musharaka asset	1,463	131,695
Utilities	721,900	253,407
Printing and stationery	180,285	351,427
Office supplies	28,140	73,774
Vehicle running and maintenance	378,205	398,343
Legal and professional expense	619,633	153,125
Communication expenses	125,038	143,533
Postage and telegram	7,604	2,199
Bank charges	22,805	117,627
Repairs and maintenance	1,109,081	566,151
Entertainment	267,568	197,930
Others	421,690	524,870
	<u>11,166,439</u>	<u>9,116,976</u>
<b>15. EFS – SCHOOL EXPENSES</b>		
Salaries, allowance and benefits	24,489,786	6,549,452
Training	208,667	597,172
Travelling and conveyance	211,079	432,687
Printing and stationery	970,648	325,288
Utilities	628,339	92,892
Vehicle running and maintenance	672,765	51,531
Communication expenses	600	4,200
Office supplies	56,580	82,205
Repair and maintenance	2,689,679	2,914,323
Entertainment	664,564	215,246
Functions and seminars	973,845	387,480
Publicity and advertising	369,074	152,822
Rent	4,731,193	1,575,500
Books and stationery	2,709,618	-
Others	62,801	-
	<u>39,439,238</u>	<u>13,380,798</u>

**GREEN CRESCENT TRUST**

30 June 2016      30 June 2015

-----Rupees-----

**16. SEF – SCHOOL EXPENSES**

Salaries, Allowance and Benefits	2,331,579	-
Training	4,300	-
Travelling and Conveyance	410,671	-
Printing and Stationery	233,190	-
Utilities	42,462	-
Vehicle running and Maintenance	13,723	-
Office Supplies	45,241	-
Repair and Maintenance	30,577	-
Entertainment	77,794	-
Functions and Seminars	12,853	-
Entertainment	60,550	-
Rent	496,000	-
Books and Stationery	664,680	-
Others	18,435	-
	<u>4,442,055</u>	<u>-</u>

**17. CENTRE FOR EDUCATIONAL RESEARCH AND DEVELOPMENT EXPENSES**

Salaries and allowances	1,152,463	576,840
Printing and stationery	32,349	58,633
Repairs and maintenance	107,116	103,930
Training and consultancy	141,000	24,725
Functions and seminars	143,977	39,019
Conveyance and travelling expenses	25,150	6,295
Office supplies	1,980	9,980
Communication expenses	14,000	19,400
Entertainment expenses	32,928	19,062
Others	57,160	7,080
	<u>1,708,123</u>	<u>864,964</u>

**18. 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, 2001 by the Deputy Commissioner of Income Tax. The Trust has filed the return for the year ended 30 June 2015 under section 114(4) 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 under section 120 of Income Tax Ordinance, 2001.

**19. TRANSACTIONS WITH RELATED PARTIES**

Related parties include board of trustees, entities where the board of trustees hold directorship and key management personnel. Transaction with related parties during the year other than those disclosed elsewhere to the financial statements are as follows:

	2016	2015
	----- Rupees -----	
Relationship		
Nature of Transaction		
Associated Undertaking Donations / Zakat received from:		
- Indus Pharma (Pvt.) Ltd.	<u>6,000,000</u>	<u>6,000,000</u>

*Green Crescent Trust*

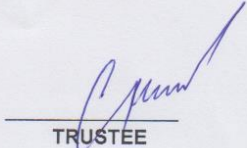
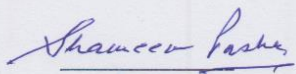


## 20. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Trustees  
on ~~10 MAY 2017~~ 16 MAY 2017

## 21. GENERAL

Figures have been rounded off to the nearest rupee.

  
TRUSTEE  
TRUSTEE