

**THE SULTAN FOUNDATION**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2015**



# HAMEED CHAUDHRI & CO.

## CHARTERED ACCOUNTANTS

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **THE SULTAN FOUNDATION** (the Company) as at June 30, 2015 and the related income and expenditure account and cash flow statement together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

- (a) in our opinion, except for the maintenance of fixed assets register, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the period was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- (c) in our opinion, except for the matter referred in the aforementioned paragraph (a), and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the surplus and its cash flows for the period then ended; and

**LAHORE:**  
HM House, 7-Bank Square.  
Tel : +92 42 37235084-87  
Fax : +92 42 37235083  
E-mail : lhr@hccpk.com

**KARACHI :**  
Karachi Chambers, Hasrat Mohani Road.  
Tel : +92 21 32411474, 32412754, 32424826  
Fax : +92 21 32424835  
E-mail : khi@hccpk.com

URL: www.hccpk.com

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**HAMEED CHAUDHRI & CO.**  
CHARTERED ACCOUNTANTS

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without further qualifying our opinion, we draw your attention that the Company during the current period has takenover the operations of Sultan Foundation (a society registered under the Societies Registration Act, 1860) as fully explained in note 1 in these financial statements. However, our opinion is not qualified in this regard.

LAHORE; 05 OCT 2015

  
HCC

**HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**

Engagement Partner : Abdul Hameed Chaudhri

**THE SULTAN FOUNDATION  
BALANCE SHEET  
AS AT JUNE 30, 2015**

|                                      | Note | 2015<br>Rupees       |
|--------------------------------------|------|----------------------|
| <b>Non-Current Assets</b>            |      |                      |
| Property and equipments              | 7    | 41,950,881           |
| Intangible assets                    | 8    | 539,269              |
| Security deposits                    |      | 743,070              |
| Investments                          | 9    | 190,000              |
|                                      |      | <u>43,423,220</u>    |
| <b>Current Assets</b>                |      |                      |
| Inventory                            | 10   | 351,852              |
| Staff advances                       |      | 494,320              |
| Due from Sultan Foundation - CCB     |      | 4,398,468            |
| Prepayments                          |      | 7,776                |
| Other receivables                    |      | 744,022              |
| Withholding tax                      |      | 15,812,572           |
| Cash and bank balances               | 11   | 1,103,217,458        |
|                                      |      | <u>1,125,026,468</u> |
| <b>Less: Current Liabilities</b>     |      |                      |
| Creditors                            |      | 233,870              |
| Accrued expenses                     |      | 1,474,683            |
| Security deposits                    |      | 57,900               |
|                                      |      | <u>1,766,453</u>     |
| <b>Net Current Assets</b>            |      | <u>1,123,260,015</u> |
| <b>Net Assets Employed</b>           |      | <u>1,166,683,235</u> |
| <b>Represented by:</b>               |      |                      |
| <b>Accumulated Fund</b>              |      |                      |
| Opening balance                      |      | 1,092,153,633        |
| Surplus for the period               |      | 74,513,952           |
|                                      |      | <u>1,166,667,585</u> |
| <b>Security Deposits</b>             |      | 15,650               |
| <b>Contingencies and commitments</b> | 12   |                      |
|                                      |      | <u>1,166,683,235</u> |

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

  
Chief Executive

HCC

  
Director



**THE SULTAN FOUNDATION  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD ENDED JUNE 30, 2015**

01 December,  
2014 to 30  
June, 2015

**Income**

|                    | Rupees           |
|--------------------|------------------|
| Tuition fee:       |                  |
| - school           | 8,611,295        |
| - college          | 3,160,656        |
| Patient entry fee  | 817,105          |
| Donations          | 7,124,464        |
| Profit on deposits | 52,899,711       |
| Rental income      | 561,500          |
| Zakat              | 23,455,900       |
| Other              | 2,929,621        |
|                    | <hr/> 99,560,252 |

**Expenditure**

|  |                  |
|--|------------------|
| Donations                                    | 5,595,254        |
| Salaries to staff                            | 12,405,409       |
| Medicines                                    | 1,501,612        |
| Travelling and conveyance                    | 51,353           |
| Printing and stationery                      | 339,309          |
| Communication                                | 77,677           |
| Electricity                                  | 486,353          |
| Rent, rates and taxes                        | 12,705           |
| Repair and maintenance                       | 1,200,423        |
| Depreciation                                 | 1,217,793        |
| Amortization                                 | 147,511          |
| Auditors' remuneration - statutory audit fee | 75,000           |
| Bank charges                                 | 6,652            |
| Advertisement                                | 18,815           |
| Entertainment                                | 66,262           |
| Other expenses                               | 1,844,172        |
|  | <hr/> 25,046,300 |

**Surplus for the period** - carried to balance sheet

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74,513,952

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

  
Chief Executive

HCC

  
Director

**THE SULTAN FOUNDATION  
CASH FLOW STATEMENT  
FOR THE PERIOD ENDED JUNE 30, 2015**

2015  
Rupees

**Cash Flows from Operating Activities**

Surplus for the period 74,513,952

**Adjustments for non-cash charges**

Depreciation on property and equipments 1,217,793

Amortisation of computer software 147,511

Loss on sale of operating fixed assets 67,950

**Operating profit before working capital changes** 75,947,206

**Effect on cash flow due to working capital changes**

Decrease / (increase) in current assets:

Inventory (56,969)

Staff loans (34,000)

Due from Sultan Foundation - TTB 8,064

Prepayments (7,776)

Other receivable 2,180,364

Withholding Tax (5,291,285)

Increase in Creditors 92,693

Increase in Accrued expenses 240,558

Decrease in Security deposit (11,600)

(2,879,951)

**Net cash generated from operating activities** 73,067,255

**Cash flow from investing activities**

Additions to property and equipments (12,005,099)

Sale proceeds of operating fixed assets 90,000

**Net cash used in investing activities** (11,915,099)

**Net Increase in cash and cash equivalents** 61,152,156

**Cash and cash equivalents at the beginning of the period** 1,042,065,302

**Cash and cash equivalents at the end of the period** 1,103,217,458

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

  
Chief Executive



  
Director

**THE SULTAN FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED JUNE 30, 2015**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

The Sultan Foundation (the Company) is a Non-profit organisation within the meaning of Section 42 of the Companies Ordinance, 1984 and was incorporated in Pakistan on August 28, 2014 under the Companies Ordinance, 1984 as a Company limited by guarantee not having share capital. The registered office of the Company is situated at Sultan Nagar, Vehari Road, Multan.

The key objectives of the Company were to take over the operations of Sultan Foundation (the Foundation), a society registered under the Societies Registration Act, 1860 to provide social welfare primarily in the areas of education and health. The Foundation, pursuant to an agreement dated November 29, 2014, transferred all its assets and liabilities to the Company on December 01, 2014.

**1.1 TAKEOVER OF OPERATIONS OF THE FOUNDATION**

Following assets and liabilities of the Foundation (based on the audited financial statements as at November 30, 2014) were transferred to the Company under the an agreement between the Company and the trustees of the Foundation.

|                         | As at<br>December 01,<br>2014 |
|-------------------------|-------------------------------|
| <b>Assets</b>           | <b>Rupees</b>                 |
| Property and equipments | 31,425,873                    |
| Intangible assets       | 582,432                       |
| Security deposits       | 743,070                       |
| Investments             | 190,000                       |
| Inventory               | 294,883                       |
| Staff advances          | 460,320                       |
| Due from Associates     | 4,406,532                     |
| Other receivables       | 2,924,386                     |
| Withholding tax         | 10,521,287                    |
| Cash and bank balances  | 1,042,065,302                 |
| <b>Liabilities</b>      |                               |
| Creditors               | 141,177                       |
| Accrued expenses        | 1,234,125                     |
| Security deposits       | 85,150                        |
| Accumulated Surplus     | 1,092,153,633                 |



**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and financial Reporting Standard for Medium Sized Entities (SME's) issued by The Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provision of and directives of the Companies Ordinance, 1984 shall prevail.

**3. BASIS OF PREPARATION**

These financial statements have been prepared under historical cost convention.

**4. FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Pak Rupees, which is the functional as well as the presentation currency of the Foundation. All financial information presented in Pak Rupees has been rounded-off to the nearest rupee, unless otherwise stated.

**5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Foundation's financial statements or where judgement was exercised in application of accounting policies are as follows:

- useful lives and residual values of property and equipments (note 6.1); and
- useful life and residual value of the intangible assets (note 6.1).

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****6.1 Operating fixed assets****(a) Tangible assets and depreciation thereon**

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss except freehold land, which is stated at cost.

Depreciation is taken to income and expenditure account applying reducing balance method to write-off the cost over their estimated useful life. Full year's depreciation is provided in the year of purchase whereas no depreciation is provided in the year of disposal. Rates of depreciation are stated in note 7.1.

Minor repairs and replacements are charged to current income. Major improvements and modifications are capitalised. Gain / (loss) on disposal of property and equipments, if any, is taken to income and expenditure.

**(b) Intangible assets and amortisation thereon**

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortisation. Intangible assets are amortised using the straight line method over the estimated useful life. Rate of amortisation is stated in note 8.



**6.2 Investments**

These are stated at cost.

**6.3 Inventory**

These are valued at cost.

**6.4 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

**6.5 Creditors, accrued and other liabilities**

Liabilities for creditors, accrued and other liabilities are carried out at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not to be billed to the Foundation.

**6.6 Provisions**

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**6.7 Taxation**

The Foundation is an approved non-profit organisation under section 2(36) of the Income Tax Ordinance, 2001. Its income is subject to hundred percent tax credit in terms of section 100C of the Income Tax Ordinance, 2001.

**6.8 Profit on bank deposits**

This is recognized on accrual basis.

**6.9 Income**

Income is accounted for on 'receipt basis'.

**6.10 Expenses**

These are accounted for on 'accrual basis'.

**7. PROPERTY AND EQUIPMENTS**

|                          | Note | 2015<br>Rupees    |
|--------------------------|------|-------------------|
| Operating fixed assets   | 7.1  | 30,115,651        |
| Capital work-in-progress | 7.3  | 11,835,230        |
|                          |      | <u>41,950,881</u> |

**7.1 Operating fixed assets - tangible**

| PARTICULARS                             | COST                          |   |                           | DEPRECIATION       |                                      | BOOK VALUE                   |  |
|---|-------------------------------|---|---------------------------|--------------------|--------------------------------------|------------------------------|--|
|   | As at<br>December 01,<br>2014 | Additions /<br>(disposal)<br>during the<br>period | As at June<br>30,<br>2015 | Rate<br>%          | For the<br>period / (on<br>disposal) | AS AT<br>JUNE<br>30,<br>2015 |  |
|   | ----- Rupees -----            |   |                           | ----- Rupees ----- |                                      |                              |  |
| <u>Owned</u>                            |                               |   |                           |                    |                                      |                              |  |
| Freehold land                           | 15,855,170                    | -   | 15,855,170                |                    | -                                    | 15,855,170                   |  |
| Building on leasehold land:             |                               |   |                           |                    |                                      |                              |  |
| - T.T. Singh<br>school & college        | 3,734,841                     | 1,145,565   | 4,880,406                 | 10                 | 341,894                              | 4,538,512                    |  |
| - Multan                                | 3,300,465                     | -   | 3,300,465                 | 10                 | 200,898                              | 3,099,567                    |  |
| - Vehari - Hospital                     | 1,529,022                     | -   | 1,529,022                 | 10                 | 93,071                               | 1,435,951                    |  |
| Furniture and fixtures                  | 1,591,298                     | 12,400<br>(195,000)                               | 1,408,698                 | 10                 | 82,307<br>(37,050)                   | 1,363,441                    |  |
| Electric and telephone<br>installations | 1,274,018                     | 768,412   | 2,042,430                 | 15                 | 234,170                              | 1,808,260                    |  |
| Water pump, engine<br>and tubewell      | 262,154                       | 7,350   | 269,504                   | 15                 | 25,570                               | 243,934                      |  |
| Laboratory<br>equipment                 | 7,666                         | 6,600   | 14,266                    | 15                 | 1,706                                | 12,560                       |  |
| Computers                               | 540,300                       | 130,220   | 670,520                   | 15                 | 69,961                               | 600,559                      |  |
| Office equipment                        | 26,106                        | -   | 26,106                    | 15                 | 2,437                                | 23,669                       |  |
| Library books                           | 10,889                        | 4,800   | 15,689                    | 20                 | 2,346                                | 13,343                       |  |
| Medical equipment                       | 210,369                       | -   | 210,369                   | 20                 | 26,774                               | 183,595                      |  |
| Vehicle                                 | 1,073,749                     | -   | 1,073,749                 | 20                 | 136,659                              | 937,090                      |  |
| 2015:                                   | 29,416,047                    | 2,075,347<br>(195,000)                            | 31,296,394                |                    | 1,217,793<br>(37,050)                | 30,115,651                   |  |

7.2 Item-wise record of fixed assets has not been maintained by the Company.

**7.3 CAPITAL WORK-IN-PROGRESS**

|                                 |                   |
|---------------------------------|-------------------|
|                                 | 2015<br>Rupees    |
| College auditorium - T.T. Singh | 802,697           |
| School building - cost          | 5,757,632         |
| Advance payments                |                   |
| - school buildings              | 4,524,901         |
| - computer software             | 750,000           |
|                                 | <u>11,835,230</u> |

**8. INTANGIBLE ASSETS - Computer software****2015  
Rupees**

Cost at beginning of the period

582,432

Additions during the period

104,348

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686,780

Less: amortisation:

- charge for the period

147,511

**Book value as at June 30,**

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**539,269**

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Amortisation is charged to income applying the straight-line method at the rate of 20% per annum.

**9. INVESTMENTS - At cost****Note      2015  
Rupees**

United Bank Limited - PLS Term Deposit Receipts

**9.1      190,000**

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**9.1** PLS Term Deposit Receipts are in possession of the Board of Intermediate and Secondary Education, Faisalabad as security of the college.

**10. INVENTORY****2015  
Rupees**

Medicines

271,502

Shrouds

80,350

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351,852

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**11. CASH AND BANK BALANCES**

Cash in hand

417,570

Cash at banks on:

- current accounts

3,121,289

- PLS accounts

1,099,678,599

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1,102,799,888

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**1,103,217,458**

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**12. CONTINGENCIES AND COMMITMENTS**

There was no known contingent liability / commitment as at June 30, 2015.

**13. PROVISION FOR TAXATION**

**13.1** No provision for taxation for current period has been made as the Company is exempt from tax.



**14. NUMBER OF EMPLOYEES**

The number of employees as at June 30, 2015 were 180.

**15. DATE OF APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue on the Board of Directors of the Company.

05 OCT 2015

by

**16. GENERAL**

Figures have been rounded off to the nearest rupee.

  
Chief Executive



  
Director