

**THE SULTAN FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **THE SULTAN FOUNDATION** (the Company) as at June 30, 2016 and the related income and expenditure account and cash flow statement together with the notes forming part thereof, for the year 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, 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 income and expenditure 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 year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion, 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, 2016 and of the surplus and its cash flows for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

ShineWing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Engagement Partner : Osman Hameed Chaudhri

LAHORE; 30 SEP 2016

Praxity
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

**THE SULTAN FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
Non-Current Assets			
Property and equipments	7	86,397,653	41,950,881
Intangible assets	8	1,567,082	539,269
Security deposits		889,470	743,070
Investments	9	190,000	190,000
		<u>89,044,205</u>	<u>43,423,220</u>
Current Assets			
Inventory	10	974,570	351,852
Staff advances		72,350	494,320
Due from Sultan Foundation - CCB		4,398,468	4,398,468
Prepayments		11,130	7,776
Other receivables		5,709,842	744,022
Withholding tax		22,869,508	15,812,572
Cash and bank balances	11	1,128,956,117	1,103,217,458
		<u>1,162,991,985</u>	<u>1,125,026,468</u>
Less: Current Liabilities			
Creditors	12	1,332,542	233,870
Accrued expenses		1,651,063	1,474,683
Security deposits		54,200	57,900
		<u>3,037,805</u>	<u>1,766,453</u>
Net Current Assets		<u>1,159,954,180</u>	<u>1,123,260,015</u>
Net Assets Employed		<u>1,248,998,385</u>	<u>1,166,683,235</u>
Represented by:			
Accumulated Fund			
Opening balance		1,166,667,585	1,092,153,633
Surplus for the year		82,315,150	74,513,952
		<u>1,248,982,735</u>	<u>1,166,667,585</u>
Security Deposits		15,650	15,650
Contingencies and commitments	13	<u>1,248,998,385</u>	<u>1,166,683,235</u>

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

Al del Paltan
Chief Executive



[Signature]
Director

**THE SULTAN FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	July 01, 2015 to June 30, 2016	December 01, 2014 to June 30, 2015
		Rupees	Rupees
Income			
Tuition fee:			
- school		14,850,505	8,611,295
- college		3,448,700	3,160,656
Patient entry fee		1,585,883	817,105
Donations		1,662,046	7,124,464
Profit on deposits		75,131,653	52,899,711
Rental income		1,145,600	561,500
Zakat		23,856,187	23,455,900
Other		2,406,031	2,929,621
		124,086,605	99,560,252
Expenditure			
Donations		3,049,108	5,595,254
Salaries to staff		24,764,326	12,405,409
Medicines		3,876,126	1,501,612
Travelling and conveyance		135,940	51,353
Printing and stationery		529,698	339,309
Communication		184,113	77,677
Electricity		949,756	486,353
Rent, rates and taxes		23,776	12,705
Repair and maintenance		2,783,966	1,200,423
Depreciation	7.1	1,950,587	1,217,793
Amortization	8	507,527	147,511
Auditors' remuneration - statutory audit fee		75,000	75,000
Bank charges		8,844	6,652
Advertisement		133,765	18,815
Entertainment		202,197	66,262
Other expenses		2,596,726	1,844,172
		41,771,455	25,046,300
Surplus for the year / period - carried to balance sheet		82,315,150	74,513,952

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


Chief Executive




Director

**THE SULTAN FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

	July 01, 2015 to June 30, 2016 Rupees	December 01, 2014 to June 30, 2015 Rupees
Cash Flows from Operating Activities		
Surplus for the year / period	82,315,150	74,513,952
Adjustments for non-cash charges		
Depreciation on property and equipments	1,950,587	1,217,793
Amortisation of computer software	507,527	147,511
Loss on sale of operating fixed assets	-	67,950
Operating profit before working capital changes	84,773,264	75,947,206
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Inventory	(622,718)	(56,969)
Staff advances	421,970	(34,000)
Due from Sultan Foundation - TTB	-	8,064
Prepayments	(3,354)	(7,776)
Other receivable	(4,965,820)	2,180,364
Withholding tax	(7,056,936)	(5,291,285)
Increase in creditors	1,098,672	92,693
Increase in accrued expenses	176,380	240,558
Decrease in security deposit	(3,700)	(11,600)
	(10,955,506)	(2,879,951)
Net cash generated from operating activities	73,817,758	73,067,255
Cash flow from investing activities		
Additions to property and equipments	(47,932,699)	(12,005,099)
Sale proceeds of operating fixed assets	-	90,000
Security deposits	(146,400)	-
Net cash used in investing activities	(48,079,099)	(11,915,099)
Net increase in cash and cash equivalents	25,738,659	61,152,156
Cash and cash equivalents at the beginning of the year / period	1,103,217,458	1,042,065,302
Cash and cash equivalents at the end of the year / period	1,128,956,117	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 YEAR ENDED JUNE 30, 2016**

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.

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 (MSE'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 Company. 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 Company'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 Company.

6.6 Provisions

Provisions are recognised when the Company 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 Company 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	2016 Rupees	2015 Rupees
Operating fixed assets	7.1	32,648,586	30,115,651
Capital work-in-progress	7.2	53,749,067	11,835,230
		86,397,653	41,950,881

7.1 Operating fixed assets - tangible

PARTICULARS	COST			Rate %	DEPRECIATION			Book Value as at June 30, 2016
	As at July 01, 2015	Additions / (disposal) during the year	As at June 30, 2016		As at July 01, 2015	For the year / (on disposal)	As at June 30, 2016	
	----- Rupees -----				----- Rupees -----			
Owned								
Freehold land	15,855,170	2,101,000	17,956,170		-		-	17,956,170
Building on leasehold land:								
- T.T. Singh school & college	4,880,406	-	4,880,406	10	341,894	453,851	795,745	4,084,661
- Multan	3,300,465	-	3,300,465	10	200,898	309,957	510,855	2,789,610
- Vehari - Hospital	1,529,022	-	1,529,022	10	93,071	143,595	236,666	1,292,356
Furniture and fixtures	1,408,698	1,687,718	3,096,416	10	45,257	305,116	350,373	2,746,043
Electric and telephone installations	2,042,430	156,810	2,199,240	15	234,170	294,761	528,931	1,670,309
Water pump, engine and tubewell	269,504	193,000	462,504	15	25,570	65,540	91,110	371,394
Laboratory equipment	14,266	-	14,266	15	1,706	1,884	3,590	10,676
Computers	670,520	246,362	916,882	15	69,961	127,038	196,999	719,883
Office equipment	26,106	24,757	50,863	15	2,437	7,264	9,701	41,162
Library books	15,689	-	15,689	20	2,346	2,669	5,015	10,674
Medical equipment	210,369	73,875	284,244	20	26,774	51,494	78,268	205,976
Vehicle	1,073,749	-	1,073,749	20	136,659	187,418	324,077	749,672
2016:	31,296,394	4,483,522	35,779,916		1,180,743	1,950,587	3,131,330	32,648,586
2015:	29,416,047	2,075,347 (195,000)	31,296,394		-	1,217,793 (37,050)	1,180,743	30,115,651

7.2 CAPITAL WORK-IN-PROGRESS

	2016 Rupees	2015 Rupees
College auditorium - T.T. Singh	1,145,672	802,697
School building - cost	8,138,941	5,757,632
Advance payments		
- school buildings	44,464,454	4,524,901
- computer software	-	750,000
	53,749,067	11,835,230

8. INTANGIBLE ASSETS - Computer software

	2016 Rupees	2015 Rupees
Cost at beginning of the year / period	686,780	582,432
Additions during the year / period	1,535,340	104,348
	<u>2,222,120</u>	<u>686,780</u>
Less: amortisation:		
- at the beginning of the year / period	147,511	-
- charge for the year / period	507,527	147,511
	<u>655,038</u>	<u>147,511</u>
Book value as at June 30,	<u>1,567,082</u>	<u>539,269</u>

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

9. INVESTMENTS - At cost

	Note	2016 Rupees	2015 Rupees
United Bank Limited - PLS Term Deposit Receipts	9.1	<u>190,000</u>	<u>190,000</u>

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

	Note	2016 Rupees	2015 Rupees
Medicines		941,108	271,502
Shrouds		33,462	80,350
		<u>974,570</u>	<u>351,852</u>

11. CASH AND BANK BALANCES

Cash in hand		356,027	417,570
Cash at banks on:			
- current accounts		3,219,087	3,121,289
- PLS accounts	11.1	1,125,381,003	1,099,678,599
		<u>1,128,600,090</u>	<u>1,102,799,888</u>
		<u>1,128,956,117</u>	<u>1,103,217,458</u>

11.1 These carry profit at the rates ranging from 4.00% to 7.00% per annum.

12. CREDITORS

These include an amount of Rs.20,118 payable to Al-Hilal Industries (Pvt.) Ltd. (an Associated Company).

13. CONTINGENCIES AND COMMITMENTS

13.1 There was no known contingent liability as at June 30, 2016 and June 30, 2015.

13.2 Commitments for capital expenditures amounted to Rs.85.991 million as at June 30, 2016.

14. PROVISION FOR TAXATION

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

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the Associated Companies, directors, relatives of directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Balances due from and due to related parties have been disclosed in the relevant notes to these financial statements. Other significant transactions carried out during the year are as follows:

- 15.1** During the year, the Company has received Rs.6.936 million (period ended June 30, 2015: Rs.6.905 million) and Rs.9.343 million (period ended June 30, 2015: Rs.9.386 million) as zakat from Chief Executive and Directors of the Company respectively.

16. NUMBER OF EMPLOYEES

The number of employees as at June 30, 2016 were 218 (2015: 180) and their average number during the year was 215 (2015: 175).

17. DATE OF APPROVAL OF FINANCIAL STATEMENTS

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

30 SEP 2016

by

18. GENERAL

- Figures have been rounded off to the nearest rupee.
- Current year's figures of Income and Expenditure account and Cashflow Statement represent the results of a complete financial year ended June 30, 2016 whereas comparative figures represent results of the period from December 01, 2014 to June 30, 2015, therefore, these figures are not comparable.

Abdul Paltan
Chief Executive



M. J. Khan
Director