

**THE SULTAN FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **THE SULTAN FOUNDATION** (the Company) as at June 30, 2017 and the related profit and loss 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, profit and loss 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, 2017 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; 29 SEP 2017

**THE SULTAN FOUNDATION
BALANCE SHEET
AS AT JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
Non-Current Assets			
Property and equipments	7	109,957,856	86,397,653
Intangible assets	8	1,301,044	1,567,082
Security deposits		889,470	889,470
Long term investments	9	190,000	190,000
		<u>112,338,370</u>	<u>89,044,205</u>
Current Assets			
Inventory	10	761,919	974,570
Staff advances		209,980	72,350
Due from Sultan Foundation - CCB		4,398,468	4,398,468
Prepayments		-	11,130
Short term investments	11	265,838,903	-
Other receivables		1,627,098	5,709,842
Withholding income tax		26,909,602	22,869,508
Cash and bank balances	12	904,972,285	1,128,956,117
		<u>1,204,718,255</u>	<u>1,162,991,985</u>
Less: Current Liabilities			
Creditors	13	1,801,507	1,332,542
Accrued expenses		2,600,327	1,651,063
Security deposits		190,600	54,200
		<u>4,592,434</u>	<u>3,037,805</u>
Net Current Assets		<u>1,200,125,821</u>	<u>1,159,954,180</u>
Net Assets Employed		<u>1,312,464,191</u>	<u>1,248,998,385</u>
Represented by:			
Opening retained earnings		1,248,982,735	1,166,667,585
Profit for the year		63,365,806	82,315,150
		<u>1,312,348,541</u>	<u>1,248,982,735</u>
Security deposits		115,650	15,650
Contingencies and commitments	14		
		<u>1,312,464,191</u>	<u>1,248,998,385</u>

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


Chief Executive

SHC


Director

**THE SULTAN FOUNDATION
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

Income	Note	2017 Rupees	2016 Rupees
Tuition fee:			
- school		15,174,362	14,850,505
- college		3,984,330	3,448,700
Patient entry fee		1,629,022	1,585,883
Donations		3,360,855	1,662,046
Profit on deposits		65,151,402	75,131,653
Return on short term investment		23,609,676	-
Rental income		1,527,750	1,145,600
Zakat		28,648,948	23,856,187
Other		2,397,423	2,406,031
		145,483,768	124,086,605
Less: Expenditure			
Donations		2,409,018	3,049,108
Salaries to staff		30,469,982	24,764,326
Medicines		3,814,749	3,876,126
Travelling and conveyance		512,235	135,940
Printing and stationery		596,009	529,698
Communication		248,344	184,113
Electricity		1,277,680	949,756
Rent, rates and taxes		23,952	23,776
Repair and maintenance		1,646,213	2,783,966
Depreciation	7.1	2,848,502	1,950,587
Amortization	8	516,038	507,527
Auditors' remuneration - statutory audit fee		75,000	75,000
Bank charges		5,769	8,844
Advertisement		229,579	133,765
Entertainment		185,339	202,197
Other expenses		2,439,990	2,596,726
		47,298,399	41,771,455
Surplus of revenue over expenditure for the year		98,185,369	82,315,150
Fair value loss on re-measurement of short term investments	11	(34,819,563)	-
Profit for the year		63,365,806	82,315,150

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

[Signature]

SHC

[Signature]

THE SULTAN FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Cash Flows from Operating Activities		
Profit for the year	63,365,806	82,315,150
Adjustments for non-cash charges		
Depreciation on property and equipments	2,848,502	1,950,587
Amortisation of computer software	516,038	507,527
Gain on sale of operating fixed assets	(1,700)	-
Fair value loss on re-measurement of short term investment	34,819,563	-
Operating profit before working capital changes	101,548,209	84,773,264
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Inventory	212,651	(622,718)
Staff advances	(137,630)	421,970
Prepayments	11,130	(3,354)
Other receivable	4,082,744	(4,965,820)
Withholding income tax	(4,040,094)	(7,056,936)
Increase / (decrease) in current liabilities:		
Creditors	468,965	1,098,672
Accrued expenses	949,264	176,380
Security deposits	236,400	(3,700)
	1,783,430	(10,955,506)
Net cash generated from operating activities	103,331,639	73,817,758
Cash flow from investing activities		
Additions to property and equipments	(26,682,005)	(47,932,699)
Sale proceeds of operating fixed assets	25,000	-
Short term investments - net	(300,658,466)	-
Security deposits	-	(146,400)
Net cash used in investing activities	(327,315,471)	(48,079,099)
Net (decrease) / increase in cash and cash equivalents	(223,983,832)	25,738,659
Cash and cash equivalents at the beginning of the year	1,128,956,117	1,103,217,458
Cash and cash equivalents at the end of the year	904,972,285	1,128,956,117

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

**THE SULTAN FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

The Companies Act, 2017 has been promulgated with effect from May 31, 2017, however the Securities and Exchange Commission of Pakistan (SECP) vide its circular no.17 of 2017 dated July 20, 2017, has directed the companies whose financial year ends on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SME's) issued by the International Accounting Standards Board and the Accounting Standard for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued thereunder. In case requirements differ, the provision of and directives of the Ordinance 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

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 8.1.

6.2 Investments

a) Investments in Term Deposit Receipts

These are stated at cost.

b) Investments at fair value through profit or loss

A non-derivative financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. All investment are initially recognised at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in profit and loss account.

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	2017 Rupees	2016 Rupees
Operating fixed assets	7.1	36,533,787	32,648,586
Capital work-in-progress	7.2	73,424,069	53,749,067
		<u>109,957,856</u>	<u>86,397,653</u>

7.1 Operating fixed assets - tangible

PARTICULARS	COST			Rate %	DEPRECIATION		Book Value	
	As at July 01, 2016	Additions / (disposal) during the year	As at June 30, 2017		As at July 01, 2016	For the year / (on disposal)	As at June 30, 2017	as at June 30, 2017
	Rupees				Rupees			
<u>Owened</u>								
Freehold land	17,956,170	-	17,956,170		-	-	-	17,956,170
<u>Building on leasehold land:</u>								
- T.T. Singh school & college	4,880,406	-	4,880,406	10	795,745	408,466	1,204,211	3,676,195
- Multan	3,300,465	-	3,300,465	10	510,855	278,961	789,816	2,510,649
- Vehari - Hospital	1,529,022	-	1,529,022	10	236,666	129,236	365,902	1,163,120
Furniture and fixtures	3,096,416	401,574	3,497,990	10	350,373	314,762	665,135	2,832,855
Electric and telephone installations	2,199,240	2,128,913	4,328,153	15	528,931	569,883	1,098,814	3,229,339
Water pump, engine and tubewell	462,504	288,536 (100,600)	650,440	15	91,110	95,495 (77,300)	109,305	541,135
Laboratory equipment	14,266	-	14,266	15	3,590	1,601	5,191	9,075
Computers	916,882	372,043	1,288,925	15	196,999	163,789	360,788	928,137
Office equipment	50,863	526,337	577,200	15	9,701	85,125	94,826	482,374
Library books	15,689	600	16,289	20	5,015	2,255	7,270	9,019
Medical equipment	284,244	2,100	286,344	20	78,268	41,615	119,883	166,461
Vehicle	1,073,749	3,036,900	4,110,649	20	324,077	757,314	1,081,391	3,029,258
2017:	35,779,916	6,757,003 (100,600)	42,436,319		3,131,330	2,848,502 (77,300)	5,902,532	36,533,787
2016:	31,296,394	4,483,522	35,779,916		1,180,743	1,950,587	3,131,330	32,648,586

7.2 CAPITAL WORK-IN-PROGRESS

	2017 Rupees	2016 Rupees
College auditorium - T.T. Singh	1,145,672	1,145,672
School building - cost	8,138,941	8,138,941
Advance payments against school buildings	64,139,456	44,464,454
	<u>73,424,069</u>	<u>53,749,067</u>

8. INTANGIBLE ASSETS - Computer software

Cost at beginning of the year	2,222,120	686,780
Additions during the year	250,000	1,535,340
	<u>2,472,120</u>	<u>2,222,120</u>
Less: amortisation:		
- at the beginning of the year	655,038	147,511
- charge for the year	516,038	507,527
	<u>1,171,076</u>	<u>655,038</u>
Book value as at June 30,	<u>1,301,044</u>	<u>1,567,082</u>

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

9. LONG TERM INVESTMENTS - at cost

	Note	2017 Rupees	2016 Rupees
United Bank Limited - Term Deposit Receipts	9.1	<u>190,000</u>	<u>190,000</u>

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

10. INVENTORY

	2017 Rupees	2016 Rupees
Medicines	402,269	941,108
Shrouds	33,462	33,462
Note books	92,100	-
Uniforms	234,088	-
	<u>761,919</u>	<u>974,570</u>

11. SHORT TERM INVESTMENTS - at fair value through profit or loss**Alfalah GHP Islamic Stock Fund**

3,650,484.9872 units - cost	300,658,466	-
Adjustment on re-measurement to fair value	(34,819,563)	-
	<u>265,838,903</u>	<u>-</u>

12. CASH AND BANK BALANCES

	Note	2017 Rupees	2016 Rupees
Cash in hand		510,829	356,027
Cash at banks on:			
- current accounts		32,635,072	3,219,087
- PLS accounts	12.1	871,826,384	1,125,381,003
		904,461,456	1,128,600,090
		904,972,285	1,128,956,117

12.1 These carry profit at the rates ranging from 3.75% to 6.50% (2016: 4.00% to 7.00%) per annum.

13. CREDITORS

These include an amount of Rs.8,332 (2016: Rs.20,118) payable to Al-Hilal Industries (Pvt.) Ltd. (an Associated Company).

14. CONTINGENCIES AND COMMITMENTS

14.1 There was no known contingent liability as at June 30, 2017 and June 30, 2016.

14.2 Commitments for capital expenditures amounted to Rs.66.316 million (2016: Rs. 85.991 million).

15. PROVISION FOR TAXATION

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

16. 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:

16.1 During the year, the Company has received Rs.9.142 million (2016: Rs.6.936 million) and Rs.5.793 million (2016: Rs.9.343 million) as zakat from Chief Executive and Directors of the Company respectively.

17. REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

During the year, no remuneration was paid to Chief Executive and Directors of the Company.

18. NUMBER OF EMPLOYEES

The number of employees as at June 30, 2017 were 240 (2016: 218) and their average number during the year was 228 (2016: 215).

19. DATE OF APPROVAL OF FINANCIAL STATEMENTS

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

29 SEP 2017

by

20. GENERAL

- Figures have been rounded off to the nearest rupee.


Chief Executive


Director