

**AL-MUJTABA EDUCATION TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020**

AL-MUJTABA EDUCATION TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
NON CURRENT ASSETS			
Property and equipment	3	2,655,356	760,224
Security deposits - landlord		<u>50,000</u>	<u>-</u>
		<u>2,705,356</u>	<u>760,224</u>
CURRENT ASSETS			
Advances and prepayments	4	631,595	102,787
Cash and bank balances	5	<u>50,538,758</u>	<u>36,532,356</u>
		<u><u>53,875,709</u></u>	<u><u>37,395,367</u></u>
FUNDS			
Unrestricted fund	6	(10,550,095)	(7,360,360)
Restricted fund	7	<u>51,607,910</u>	<u>26,701,899</u>
		<u>41,057,815</u>	<u>19,341,539</u>
CURRENT LIABILITIES			
Trade and other payables	8	44,331	-
Scholarship payable		<u>12,773,563</u>	<u>18,053,828</u>
		<u>12,817,894</u>	<u>18,053,828</u>
		<u><u>53,875,709</u></u>	<u><u>37,395,367</u></u>
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes from 1 to 14 form an integral part of these financial statements.

Rawalpindi,

Trustee

Trustee

AL-MUJTABA EDUCATION TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Unrestricted funds			
Profit on bank deposits		2,691,366	811,082
Management contribution		26,300	-
Other receipts		737,890	200,000
Restricted funds			
Education		27,637,971	22,982,020
Zakat receipts		22,865,800	21,800,070
TOTAL INCOME		53,959,327	45,793,172
EXPENDITURE			
Unrestricted funds			
Administrative expenses	10	(6,645,291)	(4,829,046)
Restricted funds			
Direct educational expenses		(25,597,760)	(20,954,455)
Scholarship payable		-	(18,053,828)
SURPLUS BEFORE TAXATION		21,716,276	1,955,843
TAXATION	11	-	-
SURPLUS AFTER TAXATION		21,716,276	1,955,843

The annexed notes from 1 to 14 form an integral part of these financial statements.

Rawalpindi,

Trustee

Trustee

AL-MUJTABA EDUCATION TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		21,716,276	1,955,843
Adjustment for non-cash items			
Depreciaton		744,433	151,673
Operating profit before working capital changes		22,460,709	2,107,516
Adjustment for working capital changes			
Increase in current assets			
Advances and prepayments		(528,808)	(102,787)
Increase / (decrease) in current liabilities			
Trade and other payables		44,331	-
Scholarship payable		(5,280,265)	18,053,828
Cash flows generated from operations		16,695,967	20,058,557
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(2,639,565)	(38,370)
Security deposits - landlord		(50,000)	-
Net cash used in investing activities		(2,689,565)	(38,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Increase in cash and cash equivalent s		14,006,402	20,020,187
Cash and cash equivalent s at beginning of year		36,835,702	16,815,515
Cash and cash equivalent s at end of year		50,842,104	36,835,702

The annexed notes from 1 to 14 form an integral part of these financial statements.

Rawalpindi,

Trustee

Trustee

AL-MUJTABA EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

AL-MUJTABA EDUCATION TRUST (“the trust”) was registered on February 11, 2016 under the Trust Act, 1882. It is situated at House 463, First Floor, Street 17, Chaklala Scheme 3, Rawalpindi. The trust is engaged in:

- The objectives of Al-Mujtaba Trust is to select talented boys and girls from government schools at primary and middle level and supporting their further education. Where necessary, admitting them in higher quality schools and bearing their expenses of fees, uniform and conveyance etc.
- Arranging and where necessary financing poly technical, vocational and computer training for boys and girls having aptitude, thereby enabling them for suitable jobs.

2. BASIS OF PREPARATION

The significant accounting policies which have been adopted in the preparation of these financial statements are summarized as under:

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupee (Rs. / Rupees) which is the Trust's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.3 Property and equipment

Initial recognition

All items of property and equipment are initially recorded at cost. Cost comprises of acquisition and other directly attributable costs.

Subsequent measurement

Property and equipment are stated at cost less accumulated depreciation and impairment loss (if any). Maintenance and repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off.

Depreciation

All items of property and equipment are depreciated on reducing balance method at the annual rate of 15 to 30 percent, depending upon each class of asset. Full year's depreciation is charged on additions while no depreciation is charged on deletions, made during the year. Full year's depreciation is charged to income and expenditure account.

Disposal

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as an income / expense in the income and expenditure account currently.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

2.4 Contingent liabilities

A contingent liability is disclosed when the Trust has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Trust; or the Trust has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

2.5 Provision

A provision is recognized in the statement of financial position when the Trust has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

2.6 Taxation

The Trust is eligible for hundred percent (100%) tax credit on taxes payable by the Trust under clause (a) of sub-section 2 of Section 100 C of the Income Tax Ordinance, 2001, introduced under the Finance Act, 2014.

2.7 Revenue recognition

All donations are recognized on receipt basis except other income.

2.8 Offsetting financial assets and liabilities

A financial asset and a financial liability is set-off in the statement of financial position, only when the Trust has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

2.9 Method of preparation of statement of cash flows

The statement of cash flows is prepared using indirect method.

2.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks on current accounts and deposit accounts and balances of outstanding running finance facilities availed by the Trust.

2.11 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates in the same terms and conditions as third party transactions using valuation modes, as admissible except in extremely rare circumstances where, subject to the approval of the Board of Trustees, it is in the interest of the Trust to do so.

2.12 Unrestricted Fund

An unrestricted fund used to meet the general revenue and capital expenditure requirements of the Trust.

2.13 Restricted Fund

The Trust has created a restricted fund where the recourses allocated can not be spent and treated as revenue during the year due to any obligation placed by either the donor or the trustees.

Donation - Education Fund

Grant received from Education fund is a restricted fund for needy students, which is being managed by AL-Mujtaba Education Trust since February 11, 2016 as per Grant Agreement. All grants received from Education Fund can be used for the donational, operations and management of the Al-Mujtaba Education Trust.

Zakat Fund

Zakat received by the Trust is categorized as restricted fund as the Trust follows a Wakalah Model. In this model, zakat is received on behalf of zakat eligible students and is only spent on direct educational expenses of those students. These expenses are adjusted with the zakat fund.

3. PROPERTY AND EQUIPMENT

Particulars	Office equipment	Furniture and fixtures	Computers	Vehicle	Total
-----Rupees-----					
As at 30 June, 2018					
Cost	159,473	514,971	496,600	-	1,171,044
Accumulated depreciation	(23,921)	(86,096)	(187,500)	-	(297,517)
Net book value	135,552	428,875	309,100	-	873,527
Period ended 30 June, 2019					
Opening net book value	135,552	428,875	309,100	-	873,527
Additions	16,370	-	22,000	-	38,370
Disposals	-	-	-	-	-
Depreciation	(22,788)	(64,331)	(64,554)	-	(151,673)
Net book value	129,134	364,544	266,546	-	760,224
As at June 30, 2019					
Cost	175,843	514,971	518,600	-	1,209,414
Accumulated depreciation	(46,709)	(150,427)	(252,054)	-	(449,190)
Net book value	129,134	364,544	266,546	-	760,224
Period ended 30 June, 2020					
Opening net book value	129,134	364,544	266,546	-	760,224
Additions	14,525	-	-	2,625,040	2,639,565
Disposals	-	-	-	-	-
Depreciation	(21,120)	(77,246)	(155,580)	(490,487)	(744,433)
Net book value	122,539	287,298	110,966	2,134,553	2,655,356
As at June 30, 2020					
Cost	190,368	514,971	518,600	2,625,040	3,848,979
Accumulated depreciation	(67,829)	(227,673)	(407,634)	(490,487)	(1,193,623)
Net book value	122,539	287,298	110,966	2,134,553	2,655,356
Depreciation rate	15%	15%	30%	20%	

	Note	2020 Rupees	2019 Rupees
4. Advances and prepayments			
Advances			
For expenses		157,921	-
Income tax		373,674	102,787
Prepayments			
Prepaid rent		100,000	-
		<u>631,595</u>	<u>102,787</u>
5. CASH AND BANK BALANCES			
Cash in hand		59,572	13,893
Cash at banks			
Donation Account		35,531,524	22,789,299
Zakat Account		14,947,662	13,729,164
		<u>50,538,758</u>	<u>36,532,356</u>
6. UNRESTRICTED FUND			
Opening balance		(7,360,360)	(3,239,050)
Deficit for the year		(3,189,735)	(4,121,310)
		<u>(10,550,095)</u>	<u>(7,360,360)</u>
7. RESTRICTED FUND			
Opening balance		26,701,899	20,928,092
Surplus for the year		24,906,011	5,773,807
	7.1	<u>51,607,910</u>	<u>26,701,899</u>
7.1		This includes Rs. 36,948,068 (2019 : 17,708,372) relating to Education Fund and Rs. 14,659,842 (2019 : 8,993,527) to Zakat Fund.	
8. Trade and other payables			
Payable to Vocational Centre		5,120	-
Accrued expenses		39,211	-
		<u>44,331</u>	<u>-</u>
9. CONTINGENCIES AND COMMITMENTS			
There are no known contingencies and commitments as at balance sheet date.			

	Note	2020 Rupees	2019 Rupees
10. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		3,424,784	2,477,236
Office rent		483,072	487,836
Utilities		179,992	132,505
Entertainment		126,108	150,356
Chairman visit		23,521	97,939
Travel and conveyance		151,800	283,428
Vehicle running		168,316	-
Postage		80,154	71,518
Printing and stationery		185,833	125,690
Repair and maintenance		55,850	41,070
Miscellaneous		251,505	60,902
Award and gifts		28,275	46,900
Training		5,500	7,500
Audit fee		25,000	18,000
Tax charges		-	65,093
Fee and subscription		303,000	111,000
Vocational center		404,786	790,980
Bank charges		3,362	12,766
Depreciation	4	744,433	(151,673)
		<u>6,645,291</u>	<u>4,829,046</u>
11. TAXATION			

In accordance with the provisions of Section 100 C of the Income Tax Ordinance 2001, the income of non-profit organizations, trusts or welfare institutions, shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provision of the Income tax Ordinance 2001, subject to the following conditions, namely:

- (a) return has been filed;
- (b) tax required to be deducted or collected has been deducted or collected and paid;
- (c) withholding tax statements for the immediately preceding tax year have been filed; and
- (d) the administrative and management expenditure does not exceed 15% of the total receipts.

"Provided that clause (d) shall not apply to a non-profit organization if;

- (a) charitable and welfare activities of the non-profit organization have commenced for the first time within last three years;
- (b) total receipts of the non-profit organization during the tax year are less than one hundred million Rupees."

Total receipts of The Trust during the tax year are less than one hundred million Rupees. Therefore clause (d) will not be applicable in this case. However, the Trust complies with the provisions of clause (a) to (c) and is therefore entitled for a tax credit equal to one hundred percent of the tax payable including minimum tax and final taxes payable under any of the provision of the Income tax Ordinance 2001.

12. EVENTS AFTER THE END OF THE REPORTING DATE

No such events have occurred that requires disclosure in these financial statements.

13. FIGURES

In these financial statements figures have been rounded off to the nearest rupee.

14. DATE OF AUTHORIZATION

These financial statements were authorized for issue on _____ by the Board of Trustees of the Trust.

Rawalpindi,

Trustee

Trustee