

Al-Huda International Welfare Foundation
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **AL HUDA INTERNATIONAL WELFARE FOUNDATION** ("the Company") as at **June 30, 2015**, and the related income and expenditure account, cash flow statement and statement of changes in funds 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 financial 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 accounts 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 accounts, and are further in accordance with accounting policies consistently applied, except for the change as stated in note 2.2 to the financial statements with which we concur;
 - 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 and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and the statement of changes in funds 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, its cash flow and changes in funds for the year then ended; and

- (d) In our opinion no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Date: 17-11-2015
Islamabad

HLB Ijaz Tabussum

HLB IJAZ TABUSSUM & CO:
Chartered Accountants
Engagement Partner
IJAZ AKBER - FCA

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
BALANCE SHEET
AS AT JUNE 30, 2015

| | Note | 2015 Rupees | 2014 Rupees |
|---|------|----------------------|----------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 965,342,153 | 955,134,886 |
| Intangible assets | 5 | 204,855 | 294,114 |
| Long term investment | 6 | 1,000 | - |
| Long term loan, advances and deposits-considered good | 7 | 76,886,397 | 1,940,214 |
| | | <u>1,042,434,405</u> | <u>957,369,214</u> |
| CURRENT ASSETS | | | |
| Stock in trade | | - | 75,998,494 |
| Trade debts-considered good | 8 | - | 22,074,135 |
| Advances and other receivables | 9 | 23,269,119 | 35,344,256 |
| Income tax deducted at source | | 2,017,967 | 1,847,672 |
| Cash and bank balances | 10 | 206,579,404 | 90,255,497 |
| | | <u>231,866,490</u> | <u>225,520,054</u> |
| TOTAL ASSETS | | <u>1,274,300,895</u> | <u>1,182,889,268</u> |
| LIABILITIES | | | |
| NON CURRENT LIABILITIES | | | |
| Long term loan | | - | 3,600,000 |
| Deferred income | 11 | 332,505,187 | 328,657,831 |
| | | <u>332,505,187</u> | <u>332,257,831</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 18,290,754 | 60,070,929 |
| TOTAL LIABILITIES | | <u>350,795,941</u> | <u>392,328,760</u> |
| NET ASSETS | | <u>923,504,954</u> | <u>790,560,508</u> |
| REPRESENTED BY : | | | |
| ACCUMULATED GENERAL FUND | | 247,925,914 | 217,436,172 |
| ACCUMULATED RESTRICTED FUND | | 675,579,040 | 573,124,336 |
| | | <u>923,504,954</u> | <u>790,560,508</u> |
| CONTINGENCIES AND COMMITMENTS | 13 | - | - |

The annexed notes from 1 to 22 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 DIRECTOR

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

| Note | 2015 | | | 2014 | | |
|---|------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| | Restricted | | General | Total | Total | |
| | Building | Others | Rupees | Rupees | Rupees | |
| INCOME | | | | | | |
| Donations | 14 | - | 2,894,697 | 70,933,090 | 73,827,787 | 68,936,833 |
| Restricted fund recognized during the year | | 25,909,831 | 98,076,046 | - | 123,985,877 | 86,133,521 |
| Student contributions | | - | - | 110,955,670 | 110,955,670 | 73,725,779 |
| Income from sale of Quranic books and cassettes | 15 | - | - | 13,427,288 | 13,427,288 | 24,312,083 |
| Other income | 16 | - | - | 15,079,456 | 15,079,456 | 15,798,709 |
| | | 25,909,831 | 100,970,743 | 210,395,504 | 337,276,078 | 268,906,925 |
| EXPENDITURE | | | | | | |
| Salaries and benefits | | - | - | 108,482,234 | 108,482,234 | 85,784,291 |
| Hostel expenses | | - | 4,785,249 | 8,986,398 | 13,771,647 | 8,947,506 |
| Loss on disposal of fixed asset | | - | - | 198,830 | 198,830 | 988,596 |
| Qurbani | | - | 17,045,833 | - | 17,045,833 | 12,832,363 |
| Travelling and conveyance | | - | - | 752,050 | 752,050 | 819,394 |
| Utilities | | - | - | 8,477,423 | 8,477,423 | 8,532,436 |
| Repair and maintenance | | - | - | 10,939,779 | 10,939,779 | 8,490,228 |
| Rent, rates and taxes | | - | - | 3,060,852 | 3,060,852 | 5,077,975 |
| Legal and professional charges | | - | - | 37,850 | 37,850 | 530,319 |
| Audit fee | | - | - | 160,000 | 160,000 | 160,000 |
| Student sponsorship | | - | 2,939,305 | 1,246,341 | 4,185,646 | 4,301,171 |
| Printing, stationery and periodicals | | - | - | 5,589,534 | 5,589,534 | 6,096,457 |
| Postage and telephone | | - | - | 292,521 | 292,521 | 1,254,852 |
| Motor vehicle and generator running | | - | - | 3,131,397 | 3,131,397 | 3,100,358 |
| Depreciation | | 25,909,831 | 2,894,697 | 6,749,137 | 35,553,665 | 39,225,402 |
| Amortization | | - | - | 77,576 | 77,576 | 77,397 |
| Charity and donation | | - | 7,085,087 | - | 7,085,087 | 5,195,600 |
| Security services | | - | - | 605,490 | 605,490 | 84,300 |
| Freight and cargo | | - | - | 16,470 | 16,470 | 430 |
| Social welfare | | - | 59,331,351 | 3,360,440 | 62,691,791 | 36,710,521 |
| Internet and mobile charges | | - | - | 1,498,174 | 1,498,174 | 291,840 |
| Bank charges | | - | - | 49,488 | 49,488 | 16,396 |
| Entertainment | | - | - | 1,386,921 | 1,386,921 | 2,569,585 |
| Bad debt | | - | - | 570,802 | 570,802 | 261,170 |
| Advertisement | | - | 3,629,868 | 3,501,416 | 7,131,284 | 4,814,252 |
| Mass communication | | - | 3,259,353 | 951,922 | 4,211,275 | 2,974,192 |
| Miscellaneous expenses | | - | - | 9,502,512 | 9,502,512 | 8,088,578 |
| | | 25,909,831 | 100,970,743 | 179,625,557 | 306,506,131 | 247,225,609 |
| Surplus for the year | | - | - | 30,769,947 | 30,769,947 | 21,681,316 |

The annexed notes from 1 to 22 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

| | Note | 2015 Rupees | 2014 Rupees |
|--|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net surplus for the year | | 30,769,947 | 21,681,316 |
| Adjustments for: | | | |
| Depreciation | | 35,553,665 | 39,225,402 |
| Amortization | | 77,576 | 77,397 |
| (Gain)/loss on disposal of fixed assets | | 198,830 | 988,596 |
| Adjustment due to separation of publication office | | (13,727,618) | - |
| Adjustment in general fund due to separation of publication office | | (280,205) | 14,804,118 |
| Bad debts | | 570,802 | 261,170 |
| Building fund recognized during the year | | (25,909,831) | (29,157,649) |
| Restricted fund amortized during the year | | (98,076,046) | (64,216,677) |
| Deferred income recognised during the year | | (2,894,697) | (4,728,908) |
| Deficit before working capital changes | | (104,487,524) | (42,746,551) |
| Changes in working capital: | | | |
| (Increase)/ decrease in current assets: | | | |
| Stock in trade | | 75,998,494 | (18,710,777) |
| Trade debts | | 22,074,135 | (5,641,815) |
| Advances | | 12,075,137 | (24,208,230) |
| Income tax deducted at source | | (170,295) | (155,019) |
| Increase/ (decrease) in current liabilities: | | | |
| Trade and other payables | | (41,800,164) | 34,678,936 |
| Net cash generated from operating activities | | 68,177,307 | (14,036,905) |
| | | (5,540,270) | (35,102,140) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of operating fixed assets | | (100,917,795) | (107,168,395) |
| Purchase of intangible asset | | - | (37,234) |
| Investment in subsidiary | | (1,000) | - |
| Proceeds from disposal of operating fixed assets | | 1,870,000 | 114,799 |
| Addition in capital work in progress | | (27,834,482) | (16,368,519) |
| (Increase)/ decrease in long term advances and deposits | | (74,946,183) | (387,014) |
| Net cash used in investing activities | | (201,829,460) | (123,846,363) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Grant received as restricted donations | | 169,304,989 | 99,256,178 |
| Grant received against building | | 157,988,648 | 87,475,222 |
| Repayment of long term loan | | (3,600,000) | (3,600,000) |
| Net cash used in financing activities | | 323,693,637 | 183,131,400 |
| Net increase in cash and cash equivalents | | 116,323,907 | 24,182,897 |
| Cash and cash equivalents at the beginning of the year | | 90,255,497 | 66,072,600 |
| Cash and cash equivalents at the end of the year | 10 | 206,579,404 | 90,255,497 |

The annexed notes from 1 to 22 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

| | Accumulated Restricted Fund | | | Accumulated General Fund | Total |
|--|-----------------------------|--------------|----------------------|-----------------------------|---------------|
| | Building | Others | Subtotal (Rupees) | | |
| Balance as at June 30, 2013 | 466,624,995 | 42,698,657 | 509,323,652 | 181,516,051 | 690,839,703 |
| Additions during the year | 87,475,222 | 99,256,178 | 186,731,400 | - | 186,731,400 |
| Recognized in Income & Expenditure Account | (29,157,649) | (64,216,677) | (93,374,326) | - | (93,374,326) |
| Adjustment for admin cost and others | (8,579,961) | (20,976,429) | (29,556,390) | 14,238,805 | (15,317,585) |
| Surplus for the year | - | - | - | 21,681,316 | 21,681,316 |
| Balance as at June 30, 2014 | 516,362,607 | 56,761,729 | 573,124,336 | 217,436,172 | 790,560,508 |
| Additions during the year | 157,988,648 | 169,304,989 | 327,293,637 | - | 327,293,637 |
| Recognized in Income & Expenditure Account | (25,909,831) | (98,076,046) | (123,985,877) | - | (123,985,877) |
| Adjustment for admin cost and others | (66,373,550) | (34,479,506) | (100,853,056) | (280,205) | (101,133,261) |
| Surplus for the year | - | - | - | 30,769,947 | 30,769,947 |
| Balance as at June 30, 2015 | 582,067,874 | 93,511,166 | 675,579,040 | 247,925,914 | 923,504,954 |



 CHIEF EXECUTIVE



 DIRECTOR

1 LEGAL STATUS AND ACTIVITIES

Al-Huda International Welfare Foundation (the Company) was incorporated on September 26, 1994 as a guarantee limited company under section 42 of the Companies Ordinance, 1984. The primary objective of the Foundation is to promote public awareness, education and understanding of Islam. The registered office of the Foundation is situated at A.K, Brohi Road, H-11/4, Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the said directives take precedence.

2.2 Adoption of new and revised standards, interpretations and amendments

The following accounting standard was effective during the year and have been adopted by the Company:

IAS 27 Separate Financial Statements

The standard deals only with accounting for subsidiaries, associates and joint ventures in separate financial statements of the parent company

Further the Standards, interpretations and amendments to them effective for the accounting period beginning on or after August 09, 2014 are either not relevant to the company's operations or are not expected to have any significant impact on the company's financial statements, (if any).

2.3 Separate Financial Statements

The financial statements are separate financial statements and the exemption from consolidation has been used in accordance with paragraph 4(a) of IFRS-10.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention and on accrual basis of accounting except for the cash flow statement.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Significant areas requiring the use of management estimates in these financial statements relate to useful life of depreciable assets and provisions for doubtful debts.

3.4 Property, plant and equipment

These are stated at cost less accumulated depreciation or impairment, if any. Depreciation is charged to income applying the reducing balance method at the monthly rates specified in Note 4. Full month's depreciation is charged on additions during the month while no depreciation is charged during the month of disposal of assets.

Normal repair and maintenance costs are charged to income as and when incurred. However, major renewals and improvements are capitalized. Gain and loss on disposal of fixed assets is charged to income.

3.5 Capital work in progress

Capital work in progress is stated at cost. Assets are transferred to operating fixed assets when they are available for intended use.

3.6 Intangible assets

These are stated at cost less accumulated amortization or impairment, if any. Amortization is charged to income applying the reducing balance method at the rates specified in Note 5.

Amortization on additions is charged from the month in which an intangible asset is acquired or capitalized, while no amortization is charged for the month in which the intangible asset is disposed off.

3.7 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to profit and loss account. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

3.8 Investments in subsidiaries and associates

Investments in subsidiaries and associates, where the Company has control or significant influence, are measured at cost in the Company's financial statements. The profits and losses of subsidiaries and associates are carried in the financial statements of the respective subsidiaries and associates, and are not dealt within the financial statements of the Company, except to the extent of dividends declared by these subsidiaries and associates.

3.9 Stock in trade

These are valued at lower of weighted average cost or net realizable value.

3.10 Trade and other payables

Liabilities for trades and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.11 Donations

Donations are accounted for on receipt basis, while donations in kind are recognized at fair value.

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Donations received against building are recognized as deferred income which is recognized as income on a systematic and rational basis over the useful life of the asset. Students contributions and other income, except for profit on investments, are recognized on receipt basis.

3.12 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalent comprise of cash in hand and cash at bank.

3.13 Financial instruments

All the financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instruments. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.14 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arms' length and at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

3.15 Trade debts

Trade debts are originally recognized at nominal value and reduced by doubtful debts. Debts considered bad and irrecoverable are written off when identified. Provision for impairment of trade and receivables is made in financial statements when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables, the basis including age analysis and management understanding of collectability of the debts.

3.16 Taxation

The Company is exempt from Income tax under sub section 36 of section 2 of Income Tax Ordinance 2001.

3.17 Foreign currency transactions

Transactions in foreign currencies are recorded in Pak Rupee at prevailing rate on the date of the transaction. Monetary assets and liabilities in foreign currencies at the year end are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date.

3.18 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms' length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress

4.1 OPERATING FIXED ASSETS

| Particulars | Cost | | | | | Depreciation | | | | | Book value As at June 30, 2015 | | |
|---------------------------|--------------------------|--------------------|--------------------------------------|--------------------|---|------------------------|-----------|-----------------------|------------------------|--------------------------------------|--------------------------------------|--------------------|---|
| | As at July 1, 2014 | Additions | Adjustment/ Re- classification | Deletions | Adjustment on account of separation of Publication office | As at June 30, 2015 | Rate % | As at July 1, 2014 | Charge for the year | Adjustment/ Re- classification | | Deletions | Adjustment on account of separation of Publication office |
| Land | Purchased 101,830,000 | 58,000,000 | - | - | - | 159,830,000 | - | - | - | - | - | - | 159,830,000 |
| | Donated 276,966,630 | 22,265,519 | - | - | - | 299,232,199 | - | - | - | - | - | - | 299,232,199 |
| Buildings | Purchased 434,602,225 | 32,086,487 | (38,000,000) | - | - | 408,688,722 | 5 | 67,332,072 | 16,028,970 | (5,655,000) | - | - | 78,606,042 |
| | Donated 52,114,634 | - | (22,265,509) | - | - | 29,849,105 | 5 | 9,973,004 | 1,080,112 | (2,170,931) | - | - | 8,891,185 |
| Furniture and fixtures | Purchased 16,303,537 | 3,849,378 | - | - | (2,308,206) | 17,844,709 | 10 | 3,282,957 | 1,452,501 | - | - | (356,078) | 4,379,380 |
| | Donated 4,638,165 | 1,072,140 | - | (272,340) | (2,69,125) | 5,139,640 | 10 | 1,280,830 | 374,338 | - | (86,107) | (54,976) | 1,514,105 |
| Air conditioning plant | Purchased 78,184,555 | - | - | - | - | 78,184,555 | 20 | 9,677,655 | 10,416,088 | - | - | - | 20,091,753 |
| | Purchased 6,018,584 | 717,500 | - | (1,324,800) | (1,208,568) | 4,112,616 | 20 | 3,080,242 | 579,979 | - | (888,099) | (381,731) | 2,399,431 |
| Motor vehicles | Donated 4,245,001 | - | - | (1,465,000) | - | 2,780,001 | 20 | 1,190,696 | 230,430 | - | (207,314) | - | 1,213,811 |
| Office equipment | Purchased 16,065,432 | 4,827,407 | (57,500) | (107,150) | (685,301) | 20,042,888 | 20 | 17,760,167 | 1,997,410 | - | (22,307) | (250,410) | 19,484,860 |
| | Donated 4,693,745 | 3,108,500 | - | (190,800) | - | 9,611,445 | 20 | 2,399,749 | 725,232 | - | (67,273) | - | 3,087,728 |
| Library equipment | Purchased 789,202 | - | - | - | - | 789,202 | 25 | 770,439 | 4,196 | - | - | - | 774,635 |
| Computers and accessories | Purchased 9,369,014 | 1,437,013 | (137,039) | (141,824) | (1,538,338) | 8,988,906 | 30 | 4,184,597 | 1,322,724 | - | (95,871) | (638,268) | 4,973,181 |
| | Donated 2,644,032 | 356,000 | - | (412,050) | (161,749) | 2,426,283 | 30 | 1,800,202 | 225,191 | - | (279,783) | (87,961) | 1,657,649 |
| Professional books | Purchased 520,571 | - | - | - | - | 520,571 | 20 | 479,812 | 7,454 | - | - | - | 487,266 |
| Total 2015 | 1,008,996,387 | 129,670,984 | (80,460,108) | (3,914,264) | (6,241,287) | 1,048,051,712 | | 123,212,431 | 38,553,665 | (7,825,931) | (1,646,714) | (1,709,425) | 147,524,026 |
| Total 2014 | 903,577,463 | 109,349,895 | - | (3,930,571) | - | 1,009,996,387 | | 84,538,141 | 39,225,402 | - | (350,756) | - | 123,212,787 |

Re-classification:
Transfer of Rupees 38 Million from purchased building to purchased land, Rupees 22.266 Million from donated building to donated land, Rupees, 57,500/- from office equipment to computer & accessories and Rupees, 137,039/- from computer & accessories to Office equipment represents the reclassification/separation of respective head of accounts.

Adjustment:
Operations at publication branch has been closed and related assets, liabilities, income and expense had been transferred to "Al-Huda Publishers (Private) Ltd" a wholly owned subsidiary of Al-Huda International Welfare Foundation.

| Note | 2015 | 2014 |
|------|--------------------|--------------------|
| 4.1 | 900,577,686 | 885,783,600 |
| 4.2 | 64,814,467 | 69,351,286 |
| | 965,392,153 | 955,134,886 |

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company) setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

4.2 CAPITAL WORK IN PROGRESS

Opening balance
Additions during the year
Less: adjustment
Less: transferred to operating fixed assets during the year
Closing balance

4.2.1 This comprises of:

Civil work at DHHA building
Civil work at H-11 building
Civil work Al-Huda school
Civil work others

5 INTANGIBLE ASSETS

| Particulars | Cost | | | | | Amortization | | | | | Book value As at June 30, 2015 | | | |
|-------------------|-----------------------|-----------|--------------------------------------|-----------|---|------------------------|-----------|-----------------------|------------------------|--------------------------------------|--------------------------------------|-----------------|---|---------------------------|
| | As at July 1, 2014 | Additions | Adjustment/ Re- classification | Deletions | Adjustment on account of separation of Publication office | As at June 30, 2015 | Rate % | As at July 1, 2014 | Charge for the year | Adjustment/ Re- classification | | Deletions | Adjustment on account of separation of Publication office | As at June 30, 2015 |
| Software | 469,434 | - | - | - | (22,000) | 447,434 | 30 | 175,320 | 77,576 | - | - | (10,318) | 242,579 | 204,855 |
| Total 2015 | 469,434 | - | - | - | (22,000) | 447,434 | | 175,320 | 77,576 | - | - | (10,318) | 242,579 | 204,855 |
| Total 2014 | 432,200 | 37,234 | - | - | - | 469,434 | | 97,923 | 77,397 | - | - | - | 175,320 | 294,114 |

(Rupees)

Note

2015
Rupees
2014

69,351,286
27,834,482
(284,804)
(32,086,497)
64,814,467

4.2.1

81,088,819
16,368,519
-
(28,106,032)
69,351,286

59,360,514
-
5,453,953
64,814,467

40,609,095
1,740,168
18,134,344
8,867,679
69,351,286

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

| | Note | 2015 Rupees | 2014 Rupees |
|--|------|--------------------|-------------------|
| 6 LONG TERM INVESTMENT | | | |
| Investment in subsidiary | | | |
| Wholly owned subsidiaries | | | |
| Al-Huda Publications (Private) Limited | | | |
| 100 (June 30, 2014: Nil) | | | |
| Ordinary shares of Rs. 10 each | 6.1 | 1,000 | - |
| | | <u>1,000</u> | <u>-</u> |
| 6.1 Shares held 100% (June 30, 2014: Nil) | | | |
| 7 LONG TERM LOAN, ADVANCES AND DEPOSITS-CONSIDERED GOOD | | | |
| Long term loan to Al-Huda Publications (Private) Limited | 7.1 | 73,248,505 | - |
| Long term advances and deposits-Considered good | | 3,637,892 | 1,940,214 |
| | | <u>76,886,397</u> | <u>1,940,214</u> |
| 7.1 This amount represents loan advance to Al-Huda Publications (Private) Limited. The repayment schedule is as follows: | | | |
| Repayment will be 25 yearly installments or earlier starting from July-2015 | | 57,787,998 | - |
| Repayment will be 700,000/- per month starting from January-2015 | | 15,460,507 | - |
| | | <u>73,248,505</u> | <u>-</u> |
| 8 TRADE DEBTS-CONSIDERED GOOD | | | |
| Trade debtors | | - | 22,335,305 |
| Trade debtors written off during the year | | - | (261,170) |
| | | <u>-</u> | <u>22,074,135</u> |
| 9 ADVANCE AND OTHER RECEIVABLES | | | |
| Advances: | | | |
| To employees | | 1,401,253 | 1,066,631 |
| To civil contractors | | 8,156,099 | 1,184,920 |
| To suppliers | | 736,475 | 20,955,391 |
| For expenses | | 11,751,808 | 5,700,226 |
| Other receivables | | 1,223,484 | 6,437,088 |
| | | <u>23,269,119</u> | <u>35,344,256</u> |
| 10 CASH AND BANK BALANCES | | | |
| Cash in hand | | - | 28,898 |
| Cash at bank | | | |
| Local currency; | | | |
| Current accounts | | 165,121,800 | 54,692,739 |
| Saving accounts | 10.1 | 581,494 | 551,798 |
| | | <u>165,703,294</u> | <u>55,244,537</u> |
| Foreign currency; | | | |
| Current accounts | | 40,876,110 | 34,982,062 |
| | | <u>206,579,404</u> | <u>90,255,497</u> |
| 10.1 This carries markup ranging from 3.5% to 3.75% (2014 : 3.7% to 4.5%) per annum. | | | |

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

| | Note | 2015 Rupees | 2014 Rupees |
|---|------|--------------------|--------------------|
| 11 DEFERRED INCOME | | | |
| Opening balance | | 328,657,831 | 331,205,239 |
| Addition during the year | | 30,868,053 | 2,181,500 |
| Adjustments for the year | | (24,126,000) | - |
| Recognized as income during the year | | (2,894,697) | (4,728,908) |
| Closing balance | | <u>332,505,187</u> | <u>328,657,831</u> |
| 12 TRADE AND OTHER PAYABLES | | | |
| Creditors | | 5,412,627 | 50,017,253 |
| Accrued liabilities | | 11,950,955 | 9,655,107 |
| Retention money payable | | 908,885 | 309,955 |
| Income tax withheld | | 18,287 | 42,746 |
| Other payables | | - | 45,868 |
| | | <u>18,290,754</u> | <u>60,070,929</u> |
| 13 CONTINGENCIES AND COMMITMENTS | | | |
| 13.1 Contingencies | | | |
| There are no contingencies at year end (2014: Nil) | | | |
| 13.2 Commitments | | | |
| There are no commitments at year end (2014: The Foundation has made commitments for construction of buildings of Karachi campus). | | | |
| 14 DONATIONS | | | |
| Donations | | 70,933,090 | 60,077,033 |
| Deferred income recognized during the year | | 2,894,697 | 8,859,800 |
| | | <u>73,827,787</u> | <u>68,936,833</u> |
| 15 INCOME FROM SALE OF QURANIC BOOKS AND CASSETTES | | | |
| Sales | | 57,245,007 | 112,507,782 |
| Less: | | | |
| Sales discount | | (7,474,788) | (11,494,844) |
| | | <u>49,770,219</u> | <u>101,012,938</u> |
| Less: | | | |
| Cost of sales | | | |
| Opening stock | | 75,998,494 | 57,287,717 |
| Purchases | | 33,295,992 | 94,843,804 |
| Less: Closing stock | | (74,319,610) | (75,998,494) |
| | | <u>34,974,876</u> | <u>76,133,027</u> |
| Less: | | | |
| Freight and cargo | | 1,141,105 | 284,717 |
| Overheads | | 226,950 | 283,111 |
| | | <u>1,368,055</u> | <u>567,828</u> |
| | | <u>13,427,288</u> | <u>24,312,083</u> |
| 16 OTHER INCOME | | | |
| Income from financial assets | | | |
| Profit on bank accounts | | 27,085 | 39,469 |
| Income from non-financial assets | | | |
| Other income | | 15,052,371 | 15,759,240 |
| | | <u>15,079,456</u> | <u>15,798,709</u> |
| 17 DIRECTOR'S REMUNERATION | | | |
| No remuneration has been paid to the directors of the Foundation during the year ended June 30, 2015 (2014: Nil). | | | |

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

18 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including the effect of changes in foreign exchange rates, market interest rates, credit and liquidity risk associated with various financial assets and liabilities respectively.

The Company finances its operations through funds and long term borrowings and management of working capital with a view of maintaining a reasonable mix and to minimize risk.

Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

18.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and service charge out rate will effect the Company's incomes or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk.

a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any long term and short term interest bearing bank borrowings.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument was:

| | June 30, 2015 % | June 30, 2014 % | June 30, 2015 Rupees | June 30, 2014 Rupees |
|------------------------------|--------------------------------|--------------------------------|-------------------------------------|-------------------------------------|
| Fixed rate instrument | | | | |
| Financial assets | | | | |
| Bank balances | | | | |
| Local Currency | 3.5% to 3.75% | 3.7% to 4.5% | 40,876,110 | 34,982,062 |
| Foreign Currency | | | - | - |
| Financial liabilities | | | - | - |
| | | | 40,876,110 | 34,982,062 |

The Company does not account for any fixed rate financial asset and liability at fair value through 'Income and Expenditure Account' therefore a change in interest rate at the balance sheet date would not affect income or expenditure of the Company.

b) Currency risk

Most of the Company's transactions are carried out in Pak Rupees. There is no material exposure to Company's receivables and payables, which are primarily denominated in the currency other than Pak Rupees, arises from the currency exchange rate fluctuation.

There are no foreign currency denominated financial assets and liabilities at balance sheet date.

c) Other price risk

The Company is neither exposed to equity securities price risk nor commodity price risk.

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

18.2 Credit risk analysis

Credit risk represents the accounting loss that would be recognized on the reporting date if counter parties failed completely to perform as contracted. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date, as summarised below:

| | June 30, 2015 | June 30, 2014 |
|---|---------------------------|--------------------|
| | Rupees | Rupees |
| Classes of financial assets - carrying amounts | | |
| Long term advances and deposits-considered good | 76,886,397 | 1,940,214 |
| Trade debts-considered good | - | 22,074,135 |
| Advances | 23,269,119 | 35,344,256 |
| Bank balances | 206,579,404 | 90,226,599 |
| | <u>306,734,920</u> | <u>149,585,204</u> |

Management considers that all the above financial assets that are not impaired for each of the reporting dates under review and are good credit quality, including those that are past due.

18.3 Liquidity risk analysis

Liquidity risk reflects an entity's inability in raising funds to meet commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of business. The Company follows an effective cash flow management and planning policy to ensure the availability of funds and to take appropriate measures for new requirements.

18.4 Summary of financial assets and liabilities by category

The carrying amounts of the Company's financial assets and liabilities are recognized at the balance sheet date of the reporting period under review may also be categorised as follow:

| | June 30, 2015 | June 30, 2014 |
|--|---------------------------|--------------------|
| | Rupees | Rupees |
| <u>Financial assets</u> | | |
| Financial assets are measured at amortized cost | | |
| Long term investments | 1,000.00 | - |
| Long term advances and deposits | 76,886,397 | 1,940,214 |
| Trade debts-considered good | - | 22,074,135 |
| Advances | 23,269,119 | 35,344,256 |
| Cash and cash equivalent | 206,579,404 | 90,255,497 |
| | <u>306,734,920</u> | <u>149,614,102</u> |
| <u>Financial liabilities</u> | | |
| Financial liabilities are measured at amortized cost | | |
| Long term loans | - | 3,600,000 |
| Creditors | 5,412,627 | 50,017,253 |
| Accrued liabilities | 11,950,955 | 9,655,107 |
| Retention money payable | 908,885 | 309,955 |
| Income tax withheld | 18,287 | 42,746 |
| Other payables | - | 45,868 |
| | <u>18,290,754</u> | <u>63,670,929</u> |

AL-HUDA INTERNATIONAL WELFARE FOUNDATION
(A company setup under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

19 TRANSACTIONS WITH RELATED PARTIES

The Al-Huda International Welfare Foundation, holds a 100% shareholding in Al-Huda Publications (Private) Limited. All transactions involving related parties are entered into at contractual terms and conditions subject to the approval of the Board of Directors.

Following are the account balances of related party with whom transactions were under taken during the year.

| | Note | June 30, 2015 Rupees | June 30, 2014 Rupees |
|---|-------------|-------------------------------------|-------------------------------------|
| Al-Huda Publications (Private) Limited | | | |
| Investment in subsidiary | | 1,000 | - |
| Loan advance to subsidiary | 19.1 | 73,248,505 | - |
| | | <u>73,249,505</u> | <u>-</u> |

19.1 The repayment schedule of the loan advanced to subsidiary is disclosed in note 7.1 to the financial statements.

20 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors on Oct, 20, 2015

21 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified in related heads and where ever necessary, for better presentation and disclosure;

| <u>Reclassification from</u> | <u>Reclassification to</u> | June 30, 2015 Rupees |
|------------------------------|----------------------------|-------------------------------------|
| Building purchased | Land | 58,000,000 |
| Building donated | Land donated | 22,265,549 |

22 GENERAL

- Figures have been rounded off to the nearest Rupee.
- Figures have been rearranged and regrouped wherever necessary for the purpose of better comparison.



CHIEF EXECUTIVE



DIRECTOR