

**AIR CDRE RIZWANULLAH KHAN  
SHAHEED MEMORIAL TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2010**

A.F.Ferguson & Co.  
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January 11, 2011  
R 442

The Board of Trustees  
Air Cdre Rizwanullah Khan Shaheed Memorial Trust  
Islamabad

Dear Sirs

## FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

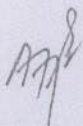
We enclose six copies of the financial statements of Air Cdre Rizwanullah Khan Shaheed Memorial Trust (the Trust) for the year ended June 30, 2010 along with our report thereon duly initialed by us for identification purposes. We shall be pleased to sign our report after:

- a) the financial statements have been approved by the Board of Trustees and signed by the Chairperson and a member of the Managing Committee authorized in this behalf; and
- b) we have received representation letter on the lines of the enclosed draft duly signed by the Chairperson and a member of the Managing Committee.

2. In terms of provision of the Trust Deed dated April 2, 2003 the financial year end of the Trust is December 31. However, financial statements of the Trust are prepared for the period from July 1 to June 30 in accordance with requirements of local tax regulations. We recommend that the Trust Deed is modified to reflect a financial year end of June 30.

3. We noted that the scholarship is directly paid to students, which may result in improper utilization of Trust funds. We recommend that consideration is given to have an arrangement with the educational institutions for direct payment of tuition fee to such institutions.

4. In terms of provisions of MOU with Standard Chartered Bank (SCB), the Trust was required to provide a complete statement of account of funds spent on the activities sponsored by the SCB on a quarterly basis. In addition, the Trust was also required to name the scholarships funded by the SCB as "SCB Scholars". However, we noted that compliance with such provisions was not ensured by the Trust. We recommend that all covenants of the MOU are strictly complied with.

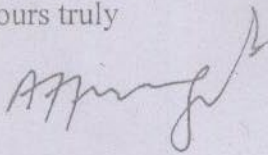


5. As per the terms of the trust deed, the Trust was required to convene an annual meeting of the Board of Trustees. However, we noted that no such meeting was held during the year.

6. In terms of the objectives of the Trust defined in the trust deed, the Trust imparts scholarships to students irrespective of religion. We noted that a part of donations was received as zakat, however no special consideration was given for compliance of shariah requirements related to eligibility criteria for zakat distribution.

7. We wish to place on record our appreciation of the cooperation and courtesy extended to us by all concerned during the course of the audit.

Yours truly



encl.

## INDEPENDENT AUDITORS' REPORT TO

### THE BOARD OF TRUSTEES OF AIR CDRE RIZWANULLAH KHAN SHAHEED MEMORIAL TRUST

We have audited the annexed financial statements comprising balance sheet of Air Cdre Rizwanullah Khan Shaheed Memorial Trust as at June 30, 2010, the related income and expenditure account and cash flow statement together with the notes forming part thereof, for the year then ended.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with significant accounting policies as described in note 2 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

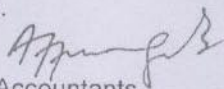
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

Air Cdre Rizwanullah Khan Shaheed Memorial Trust derives part of its receipts from voluntary donations, which can not be controlled until these are entered in the accounting records. Receipts reflected in the financial statements are based on amounts so recorded in the books of account of the Trust.

Except for the matter referred to above, in our opinion, the annexed financial statements present fairly, in all material respects, the financial position of the Trust at June 30, 2010 and of the Trusts' deficit and cash flows for the year then ended in accordance with significant accounting policies described in note 2 to the financial statements.



Chartered Accountants  
Islamabad: January 24, 2011

Name of the audit engagement partner: S. Haider Abbas

AIR CDRE RIZWANULLAH KHAN SHAHEED MEMORIAL TRUST  
BALANCE SHEET AS AT JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees	Note	2010 Rupees	2009 Rupees
ACCUMULATED FUND	3	2,496,721	3,354,895			
				4		
FIXED ASSETS						
Operating assets						
CURRENT LIABILITIES		32,500	15,000			
CURRENT ASSETS						
Short term investment	5	40,000	40,000			
Cash and bank balances	6	2,489,221	3,329,895			
		2,529,221	3,369,895			
		<u>2,529,221</u>	<u>3,369,895</u>			

The annexed notes 1 to 10 form an integral part of these financial statements.

*Asst*

*Shaukat*  
Member Managing Committee

*Feb 14/10*  
Chairperson

AIR CDRE RIZWANULLAH KHAN SHAHEED MEMORIAL TRUST

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
<b>INCOME</b>			
Donations	7	1,346,977	2,446,870
Zakat funds		78,110	553,252
Markup and interest earned		85,724	97,956
		<u>1,510,811</u>	<u>3,098,078</u>
<b>EXPENDITURE</b>			
General and administrative expenses	8	451,502	346,200
Scholarships	9	1,906,500	1,832,700
Bank charges		10,983	13,455
		<u>2,368,985</u>	<u>2,192,355</u>
(Deficit) / surplus transferred to accumulated fund		<u>(858,174)</u>	<u>905,723</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

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Member Managing Committee

*Handwritten signature*

Chairperson

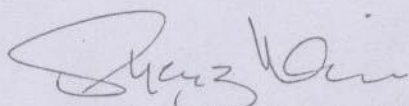
AIR CDRE RIZWANULLAH KHAN SHAHEED MEMORIAL TRUST

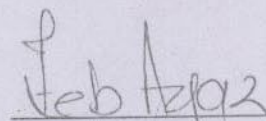
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2010

	2010 Rupees	2009 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
(Deficit) / surplus	(858,174)	905,723
Adjustment for non-cash and other items:		
Interest income	(85,724)	(97,956)
Working capital changes		
Decrease in prepayments	-	63,000
Increase in current liabilities	17,500	4,000
Decrease in receivable	-	84,000
	(926,398)	958,767
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	85,724	97,956
Net (decrease) / increase in cash and bank balances	(840,674)	1,056,723
Cash and bank balances at the beginning of the year	3,329,895	2,273,172
Cash and bank balances at the end of the year	2,489,221	3,329,895

The annexed notes 1 to 10 form an integral part of these financial statements.

*Handwritten initials*

  
Member Managing Committee

  
Chairperson

# AIR CDRE RIZWANULLAH KHAN SHAHEED MEMORIAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

### 1. LEGAL STATUS AND OPERATIONS

Air Cdre Rizwanullah Khan Shaheed Memorial Trust (the Trust) was established on April 02, 2003 and is registered under the Trusts Act 1882. The Trust is a non-political and not-for-profit organization. The objectives of the Trust focus on imparting scholarships to capable and needy students of Pakistan irrespective of religion, caste or creed, enabling them to obtain quality education, monitoring their academic progress and assisting in their development and offering financial and material assistance to the deserving students.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Accounting convention

These accounts have been prepared under historical cost convention and are on accrual basis except for donations and Zakat funds which are recorded on a receipt basis as explained in note 2.2 below.

#### 2.2 Revenue recognition

Donations and zakat funds include amounts received in cash and kind and are recorded as and when they are received. Revenue from other sources is recognised on accrual basis.

#### 2.3 Fixed assets

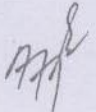
Assets received as donations are recorded at estimated market value at the time of receipt of such assets.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

### 3. ACCUMULATED FUND

Opening balance  
Transfer from income and expenditure account

	2010 Rupees	2009 Rupees
Opening balance	3,354,895	2,449,172
Transfer from income and expenditure account	(858,174)	905,723
	<u>2,496,721</u>	<u>3,354,895</u>



4. FIXED ASSETS

	COST		DEPRECIATION				Net book value at June 30, 2010	Depreciation rate per annum
	At July 1, 2009	At June 30, 2010	At July 1, 2009	At June 30, 2010	At July 1, 2009	At June 30, 2010		
Computers	-	-	-	-	-	-	33.33%	
2010	-	-	-	-	-	-		
2009	68,500	38,500	68,500	38,500	(30,000)	(30,000)		

4.1 Deletions during the year ended June 30, 2009 represent fully depreciated computer equipment rendered obsolete and disposed off.

*APF*

5. SHORT TERM INVESTMENT

This represents investment in Government Prize Bond. No interest accrues on this investment.

	2010 Rupees	2009 Rupees
6. CASH AND BANK BALANCES		
Cash in hand	5,578	7,365
Cash at bank		
Current accounts	1,430,531	609,164
Deposit account	1,053,112	2,713,366
	2,483,643	3,322,530
	<u>2,489,221</u>	<u>3,329,895</u>
7. DONATIONS		
Received from Standard Chartered Bank	750,000	1,250,000
Other voluntary donations	596,977	1,196,870
	<u>1,346,977</u>	<u>2,446,870</u>
8. GENERAL AND ADMINISTRATIVE EXPENSES		
Salary	95,000	186,000
Accountancy services	275,000	10,000
Website development	-	22,553
Printing and stationery	10,701	16,960
Travel and conveyance	47,859	76,162
Postage and courier	12,942	16,327
Communication	3,300	9,400
Others	6,700	8,798
	<u>451,502</u>	<u>346,200</u>

9. SCHOLARSHIPS

Scholarships are paid to students who fulfill certain criteria such as minimum grades, minimum test scores, financial need, etc. Scholarships are distributed to students on quarterly as well as semi annual basis. During the year, the Trust supported 146 (2009: 136) students.

10. DATE OF AUTHORISATION

These financial statements have been authorized for issue by the Board of Trustees on  
24 JAN 2011

Member Managing Committee

Chairperson

**AIR CDRE RIZWANULLAH KHAN  
SHAHEED MEMORIAL TRUST**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2010**

**A.F.FERGUSON & Co.**  
CHARTERED ACCOUNTANTS  
ISLAMABAD

A member firm of

**PRICEWATERHOUSECOOPERS** 