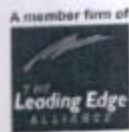


Rahma Islamic Relief

**Audit Accounts
For the period ended December 31, 2010**



**RAFAQAT MANSHA
MOHSIN DOSSANI
MASOOM & CO.**
Chartered Accountants

A member firm of



**RAFAQAT MANSHA
MOHSIN DOSSANI
MASOOM & CO.**
Chartered Accountants

Auditors' Report to the Trustees



We have audited the annexed balance sheet of the **Rahma Islamic Relief** as at December 31, 2010 and the related revenue and expenditure account for the period from August 24, 2009 to December 31, 2010 and cash flow statement together with the notes forming part thereof (herein-after referred to as the financial statements for the period then ended).

It is the responsibility of the trustees to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion, and we report that:

In our opinion the financial statements present fairly in all material respects the financial position of the **Rahma Islamic Relief** as at December 31, 2010 and of its surplus and cash flow for the period then ended in accordance with the approved accounting standards as applicable in Pakistan.

Place: **Islamabad**
Dated: **March 21, 2012**


**Rafaqat Mansha Mohsin Dossani Masoom & Co.**
Chartered Accountants
Engagement Partner: Masoom Akhtar

Other offices:

109-Royal Centre, West Blue Area
Fazal-ul-Haq Road, Islamabad
Tel: 051 227 3105, 051 2876542

Rahma Islamic Relief
Balance sheet as at December 31, 2010

	<u>Note</u>	<u>2010</u> <u>(Rupees)</u>
<u>Funds and liabilities</u>		
Fund account	4	21,647,627
<u>Current liabilities</u>		
Accrued and other liabilities	5	6,027,802
Contingencies and commitments	6	-
		<u>27,675,429</u>
<u>Property and assets</u>		
<u>Non-current assets</u>		
Property and equipments	7	2,864,385
<u>Current assets</u>		
Loan and advances	8	331,584
Deposits	9	365,000
Cash and bank balances	10	24,114,459
		<u>24,811,043</u>
		<u>27,675,429</u>

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The annexed notes 1-16 form an integral part of these accounts.


Chairman


Sr. Program Manager

Rahma Islamic Relief
Revenue and expenditure account
For the period from August 24, 2009 to December 31, 2010

	<u>Note</u>	<u>2010</u> <u>(Rupees)</u>
Revenue	11	300,935
Less: Expenditures		
Program activities	12	37,713,641
General and administrative	13	2,099,631
		39,813,272
Excess of (expenditure over revenue) from operating activities		(39,512,337)
Revenue from non-operating activities		
Donations	14	61,113,441
Other income	15	46,523
		61,159,964
Excess of revenue over expenditure carried forward to the fund account		21,647,627

The annexed notes 1-16 form an integral part of these accounts.


Chairman

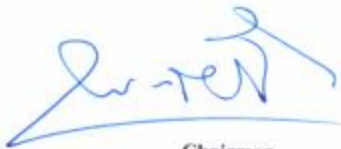

Sr. Program Manager

Rahma Islamic Relief

Cash flow statement

For the period from August 24, 2009 to December 31, 2010

	<u>2010</u>
Cash flow from operating expenses	(Rupees)
Net excess of revenue over expenditure for the year	21,647,627
Adjustment for:	
- Depreciation	590,511
Operating profit before working capital changes	<u>22,238,137</u>
(Increase)/decrease in:	
- Loan and advances	(331,584)
- Deposits	(365,000)
	<u>(696,584)</u>
(Increase)/decrease in current liabilities	6,027,802
Net cash (used)/generated from operating activities	<u>27,569,355</u>
Cash flow from investing activities	
- Fixed capital expenditures	(3,454,896)
Net cash (used)/generated in investing activities	<u>(3,454,896)</u>
Net increase/(decrease) in cash and cash equivalents	24,114,459
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	<u>24,114,459</u>



Chairman



Sr. Program Manager

Rahma Islamic Relief

Notes to the accounts

For the period from August 24, 2009 to December 31, 2010

1. Trust and its objectives

Rahma Islamic Relief is a not-for-profit organization established on August 24, 2009 and registered with Joint Sub-registrar, Islamabad on August 31, 2009 under the Trust Act, 1882 in Pakistan. The register office of the trust is situated at 314, Poonch House Complex, Saddar, Rawalpindi. The main object of the trust is to establish, manage, maintain, own, administer, promote and subsidize educational institutions, computer literacy centers, school, colleges, institutions for study and research, centers of learning, reading rooms, and other institutions for basic education, adult literacy etc. The area of operation of the trust shall be all over the country, FATA, AJK, Northern Area and Abroad.

2. Statement of compliance and significant accounting estimates

2.1) Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan.

2.2) Basis of measurement

These accounts have been prepared under the historical cost convention without any adjustments for the effects of inflation or current values.

2.3) Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's financial currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.4) Use of significant estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgment, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision effects only that period, or in the period of the revision and future periods if the revision effects both current and future periods.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

3. Significant accounting policies

The principal accounting policies which have been adopted in the preparation of these accounts are summarized below:

3.1) Taxation

No provision for taxation has been made in these accounts as the income/donation of the foundation is exempt from levy of income tax under clauses 60 and 92 of the 2nd Schedule to the Income Tax Ordinance, 2001 being a educational and charitable institution solely for educational and charitable purposes and not for the purposes of making profit.

3.2) Property and equipment

- i) These are stated at cost less accumulated depreciation and impairment, if any;
- ii) Depreciation on operating assets is charged on reducing balance method;
- iii) A full month's depreciation is charged in the month of addition and no depreciation is in the month of disposal;
- iv) Gain or loss, if any, on disposal of fixed assets is included in current years' income;
- v) Maintenance and normal repairs are charged to income as and when incurred and major renewals and improvements are capitalized.

3.3) Revenue recognition

Revenue from donations and hospital is recognized on actual receipts basis.

3.4) Financial instruments

Financial assets and financial liabilities are recognized at the time when the trust becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The trust derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instruments. Any gain or loss on derecognition of financial assets and liabilities are included in income currently.

3.5) Cash and cash equivalents

Cash in hand and at banks are carried at fair value.

3.6) Donation-in-kind

Donations-in-kind received has been valued and recorded at their estimated fair value as provided by the donor or, in absence of donor's valuation, at wholesale values estimated by the organization, at the time the goods are received from the donor.

3.7) Volunteer services

The efforts of volunteer workers are not reflected in the accompanying financial statements, in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization.

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	2010
	(Rupees)
4. Fund account	
Balance as on August 24, 2009	-
Add: Excess of revenue over expenditure	21,647,627
	<u>21,647,627</u>
	<u>21,647,627</u>

5. Accrued and other liabilities	
Account payable	5,795,335
Salary payable	66,527
Audit fee payable	90,000
Income tax payable	75,940
	<u>6,027,802</u>

6. Contingencies and commitments
There were no contingencies and commitments at the balance sheet date.

7. Property and equipments

Particulars	Cost				Rate %	Depreciation			W.D.V As at 31.12.2010
	As on 24.08.2009	Addition	(Deletions)	As at 31.12.2010		As on 24.08.2009	During the period	As at 31.12.2010	
Vehicle	-	52,000	-	52,000	15	-	7,800	7,800	44,200
Building	-	608,055	-	608,055	15	-	91,208	91,208	516,847
Furniture and fixture	-	479,950	-	479,950	15	-	71,993	71,993	407,958
Computer	-	481,842	-	481,842	30	-	144,553	144,553	337,289
Office equipments	-	995,224	-	995,224	15	-	149,284	149,284	845,940
Medical equipment	-	837,825	-	837,825	15	-	125,674	125,674	712,151
Rupees - 2010	-	3,454,896	-	3,454,896	-	590,511	590,511	590,511	2,864,385

8. Loan and advances	
Advances unsecured considered good	
- to employees against expenses	331,584
	<u>331,584</u>

9. Deposits	
Security - Office rent	365,000
	<u>365,000</u>



		<u>2010</u>
		<u>(Rupees)</u>
10. Cash and bank balances		
Cash in hand		306,419
Cash at bank		
- Current account		19,967,526
- Pls account	(10.1)	3,840,514
		23,808,040
		<u>24,114,459</u>

10.1) The profit and loss accounts carry interest ranging from 8.85% to 9.04% per annum.

11. Revenue		
Income from hospital		300,935
		<u>300,935</u>

12. Program activities		
Rural primary health care	(12.1)	4,259,907
Pakistan flood emergency humanitarian assistance for the affected people	(12.2)	30,085,155
Qurbani expense		2,179,479
Foods and relief items		1,189,100
		<u>37,713,641</u>

12.1) Rural Primary Health Care Project		
Primary health care		1,211,399
Project support cost		1,161,962
Monitoring and evaluation		850,340
Mother and child health care		359,000
Capacity building and outreach		303,830
Direct labor/ Project staff		246,200
Services and supplies		127,176
		<u>4,259,907</u>

12.2) Donation received for Pakistan Flood Emergency Humanitarian Assistance for the affected people		
Food items		20,507,850
Water and hygiene		2,550,000
Qurbani expense		2,467,500
Transport and storage		1,767,949
Kitchen and crockery		1,275,200
Project staff		654,000
Project support cost		481,818
Project administrative support		223,875
Workshop and training		156,963
		<u>30,085,155</u>



		2010
		(Rupees)
13. General and administrative		
Staff salaries and benefits	(13.1)	277,810
Office repair and maintenance		671,430
Travelling expenses		152,593
Printing and stationary		95,431
Household and kitchen items		51,310
Audit fee		50,000
Telephone and internet		49,879
Repair and maintenance office equipment		36,000
Bank charges		31,707
Legal and professional charges		60,000
Advertisement		20,000
Rent, rate and taxes		12,960
Depreciation		590,511
		<u>2,099,631</u>
13.1) Staff salaries and benefits		
Staff salaries and benefits		225,810
Bonus		47,000
Medical		5,000
		<u>277,810</u>
14. Donations		
Donation received for Pakistan Flood Emergency		43,773,260
Humanitarian Assistance for the affected people		
Donation received for general & administrative		7,324,179
Donation received for Rural Primary Health Care Project		7,288,263
Donation received for Qurbani		1,727,739
Donation received for Food and Relief items		1,000,000
		<u>61,113,441</u>
15. Other income		
Interest on deposits with banks		46,523
		<u>46,523</u>

16. General

Figures in accounts for sixteen months and eight days i.e. from August 24, 2009 to December 31, 2010.

Chairman

Sr. Program Manager