



MOHATTA PALACE GALLERY TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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MOHATTA PALACE GALLERY TRUST
BALANCE SHEET
AS AT DECEMBER 31, 2015

	Note	2015 ----- Rupees -----	2014 -----
ASSETS			
Non-current assets			
Tangible fixed assets	4	6,797,152	8,143,202
Investments	5	66,284,097	112,209,426
		73,081,249	120,352,628
Current assets			
Current portion of investments	5	72,946,103	16,508,725
Prepayment and other receivables	6	426,864	246,177
Cash and bank balances	7	10,685,496	14,016,298
		84,058,463	30,771,201
TOTAL ASSETS		157,139,712	151,123,828
LIABILITIES			
Current liabilities			
Accrued expenses and other liabilities	8	407,661	2,203,102
TOTAL LIABILITIES		407,661	2,203,102
NET ASSETS		156,732,051	148,920,726
Represented by:			
Accumulated surplus		156,732,051	148,920,726

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The annexed notes from 1 to 11 form an integral part of these financial statements.



 Trustee



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MOHATTA PALACE GALLERY TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 ----- Rupees -----	2014
INCOME			
Donations from private sources	9	9,865,000	10,605,000
Other donations	10	5,000,000	21,000,000
Other income			
Profit on PLS savings account		527,235	591,834
Profit on Term Deposit Certificates		-	3,447,263
Profit on Government Securities		15,303,935	7,801,125
Realised gain on sale of investments classified as 'available-for-sale'		-	830,229
Consideration for tickets of exhibitions and events		206,503	127,520
Consideration for books		1,859,550	2,850,907
Others		-	10,435
		17,897,223	15,659,313
		<u>32,762,223</u>	<u>47,264,313</u>
EXPENDITURE			
Staff salaries and benefits		9,361,551	7,696,338
Travelling and conveyance		53,800	30,800
Utilities		3,195,548	3,558,676
Printing, postage and stationery		106,607	81,788
Entertainment		91,013	70,553
Insurance		229,955	779,209
Repairs and maintenance		3,238,654	2,614,492
Rent, rates and taxes		7,626	9,556
Legal and professional		500,000	163,625
Depreciation		2,541,490	3,419,393
Fumigation expense	4	86,400	-
Event and function		4,911,185	8,314,627
Donations		-	16,034
Capital gain tax		-	2,794
Bank charges		2,160	19,800
Others		624,909	587,920
		(24,950,898)	(27,365,605)
Surplus for the year		<u>7,811,325</u>	<u>19,898,708</u>

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The annexed notes from 1 to 11 form an integral part of these financial statements.


Trustee


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**MOHATTA PALACE GALLERY TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Accumulated Surplus	Unrealised gain on available-for- sale investments (Rupees)	Total
Balance as at January 01, 2014	129,022,018	600,792	129,622,810
Reclassification adjustment for gain included in the income and expenditure statement	-	(600,792)	(600,792)
Surplus for the year ended December 31, 2014	19,898,708	-	19,898,708
Balance as at December 31, 2014	<u>148,920,726</u>	<u>-</u>	<u>148,920,726</u>
Surplus for the year ended December 31, 2015	7,811,325	-	7,811,325
Balance as at December 31, 2015	<u><u>156,732,051</u></u>	<u><u>-</u></u>	<u><u>156,732,051</u></u>

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Trustee




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MOHATTA PALACE GALLERY TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 ----- Rupees -----	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		7,811,325	19,898,708
Adjustments for:			
Profit on PLS savings account		(527,235)	(591,834)
Depreciation	4	2,541,490	3,419,393
Profit on Government Securities		(15,303,935)	(7,801,125)
Profit on Term Deposit Certificates		-	(3,447,263)
		(5,478,355)	11,477,879
Changes in working capital			
(Increase) / decrease in current assets			
Prepayment and other receivables		(180,687)	665,195
(Decrease) / increase in current liabilities			
Accrued expenses and other liabilities		(1,795,441)	1,549,595
Net cash (used in) / generated from operating activities		(7,454,483)	13,692,669
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1,195,440)	(2,218,969)
Investments made during the year - net		(10,512,049)	(8,559,817)
Profit received on PLS savings account		527,235	591,835
Profit received on Government Securities		15,303,935	7,801,125
Profit received on Term Deposit Certificates		-	3,447,263
Net cash generated from / financing activities		4,123,681	1,061,437
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short-term loan		-	(2,500,000)
Net cash generated from financing activities		-	(2,500,000)
Net (decrease) / increase in cash and cash equivalents		(3,330,802)	12,254,106
Cash and cash equivalents at the beginning of the year		14,016,298	1,762,192
Cash and cash equivalents at the end of the year	7	10,685,496	14,016,298

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The annexed notes from 1 to 11 form an integral part of these financial statements.



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**MOHATTA PALACE GALLERY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. STATUS AND NATURE OF ACTIVITIES

The Mohatta Palace, a cultural complex known as the Mohatta Palace Gallery, was purchased by the Government of Pakistan in 1995 and handed over to the Government of Sindh for its restoration and the establishment of a cultural complex and museum through a trust 'Mohatta Palace Gallery Trust' (the Trust), registered on September 05, 1995 with the District Registrar, Karachi. Headed by the Governor, the Trust comprises 15 members including 10 non-official members. Funds for the restoration and acquisition of collections for the Museum are raised by the trustees through private and public grants, donations and other fund raising activities. The possession of 'Mohatta Palace' rests with the trustees of the Trust.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for "Small-Sized Entities (SSEs)" issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention and 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.

Significant accounting estimates and judgments

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Small - Sized Entities issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect 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 the judgments about carrying values 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 recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and provision for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

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3.2 Investments

Available-for-sale

These are initially recognised at cost and after initial measurement, these investments are measured at fair value with unrealised gain or loss recognised directly under accumulated surplus until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in accumulated surplus or deficit is taken to the statement of income and expenditure.

Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the straight line basis.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the income and expenditure account.

3.3 Tangible fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a straight line method. Full year's depreciation is charged on normal additions, while no depreciation is charged on items deleted during the year.

Surplus on revaluation of fixed assets, if any is credited to the surplus on revaluation account. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in income and expenditure account currently.

Gains and losses on disposal of fixed assets are included in income currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to accumulated surplus.

3.4 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, acquisition and installation.

3.5 Revenue recognition - donations

Donations are recognized where there is reasonable assurance that the donation will be received and all attaching conditions will be complied with.

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3.6 Taxation

The trust is exempt from tax as per clause 58 and 61 of part-I of the second schedule of the Income Tax Ordinance, 2001.

3.7 Accrued expenses and other liabilities

Liabilities 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 Trust.

3.8 Short-term loan

Short-term loan is carried at cost which is the fair value of the consideration to be paid in the future on demand.

3.9 Provisions

A provision is recognised in the balance sheet when the Trust has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.10 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

3.11 Revenue recognition

Mark-up income on investments is recognised on time proportion basis. Where debt securities are purchased at premium or discount, the same is amortised through the income and expenditure account over the term of investment using the straight line basis.

Capital gains and losses arising on sale of investments is included in the income and expenditure account on the date at which the transaction takes place.

Profit on savings accounts and term deposits receipts is recognised on accrual basis.

3.12 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and deposits in banks.

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	2015	2014
Note	----- Rupees -----	----- Rupees -----
4.1	6,797,152	8,143,202

4. TANGIBLE FIXED ASSETS

Property, plant and equipment

4.1 Operating fixed assets - owned

	COST		Rate of depreciation / amortisation %	ACCUMULATED DEPRECIATION		WRITTEN DOWN VALUE	
	As at January 01, 2015	As at December 31, 2015 Additions		As at January 01, 2015	Charge for the year	As at December 31, 2015	As at December 31, 2015
December 31, 2015		Rupees			Rupees		Rupees
Leasehold improvements	18,908,309	-	33.3	13,807,362	1,522,873	15,330,235	3,578,074
Motor vehicles	3,600,750	-	20	2,163,530	455,748	2,619,278	981,472
Furniture and fixtures	239,520	-	15	227,043	318	227,361	12,159
Office and electrical equipment	1,381,881	1,017,160	15	1,042,333	247,696	1,290,029	1,109,012
Computer equipment	1,515,480	178,280	20	999,262	191,855	1,191,117	502,643
Generator	1,230,000	-	10	916,208	123,000	1,039,208	190,792
Antiquities	423,000	-	-	-	-	-	423,000
	27,298,940	1,195,440		19,155,738	2,541,490	21,697,228	6,797,152

	COST		Rate of depreciation / amortisation %	ACCUMULATED DEPRECIATION		WRITTEN DOWN VALUE	
	As at January 01, 2014	As at December 31, 2014 Additions / Transfers*		As at January 01, 2014	Charge for the year	As at December 31, 2014	As at December 31, 2014
December 31, 2014		Rupees			Rupees		Rupees
Leasehold improvements	14,811,618	1,429,000 2,667,691 *	33.3	11,303,988	2,503,374	13,807,362	5,100,947
Motor vehicles	3,600,750	-	20	1,682,920	470,610	2,163,530	1,437,220
Furniture and fixtures	237,400	2,120	15	223,507	3,536	227,043	12,478
Office and electrical equipment	1,120,131	261,750	15	947,210	95,123	1,042,333	339,548
Computer equipment	1,291,081	224,399	20	775,512	223,750	999,262	516,218
Generator	1,230,000	-	10	793,208	123,000	916,208	313,792
Antiquities	423,000	-	-	-	-	-	423,000
	22,713,980	1,917,269 2,667,691 *		15,736,345	3,419,393	19,155,738	8,143,202

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	Note	2015 ----- Rupees -----	2014
5. INVESTMENTS			
Held to maturity			
Government securities			
Non-current portion		66,284,097	112,208,984
Current portion		72,946,103	16,444,931
	5.1	<u>139,230,200</u>	<u>128,653,915</u>
5.1 These represent PIBs, which carry profit at the rates ranging from 8.75% to 12.54% (2014: 9.7% to 12.54%) per annum. These securities have a maturity ranging from July 2016 to March 2018.			
6. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments - insurance		69,131	62,999
Staff loan		69,500	-
Withholding tax receivable		225,733	120,678
Security deposit for vehicles fuel		62,500	62,500
		<u>426,864</u>	<u>246,177</u>
7. CASH AND BANK BALANCES			
At banks - PLS savings account	7.1	10,247,904	13,571,826
Cash in hand		437,592	444,472
		<u>10,685,496</u>	<u>14,016,298</u>
7.1 This represents PLS savings account carrying profit at the rate of 4.00% (2014: 4.5%) per annum.			
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Accrued expenses		207,661	203,102
Security deposits		200,000	300,000
Advances from customers		-	1,700,000
		<u>407,661</u>	<u>2,203,102</u>

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	2015	2014
	----- Rupees -----	
9. DONATIONS FROM PRIVATE SOURCES		
Cardiovascular foundation	600,000	-
EO Pakistan	2,200,000	-
Unilever Pakistan (Ponds)	900,000	-
Jubilee Life Insurance Company Pakistan Limited	1,200,000	600,000
Telenor Pakistan	900,000	-
Pakistan Tobacco company	740,000	-
Nazli Rafat Jamal	250,000	-
Sindh Revenue Board	100,000	-
Nescafe Pakistan	650,000	-
Beaconhouse School	900,000	-
Federal Investigation Agency	225,000	-
Samba Bank	700,000	-
Hold Security deposit	100,000	-
Triple E	400,000	-
Dawood Global Foundation	-	600,000
K-Electric Limited	-	1,425,000
OK Pakistan Magazine	-	450,000
Pakistan Orthopaedic Association	-	100,000
Pakistan Urban Forum	-	900,000
PICIC Asset Management Company Limited	-	900,000
Premier Systems (Private) Limited	-	1,200,000
Punjab Women Development Department	-	30,000
Shell Pakistan Limited	-	850,000
Technology Links (Private) Limited	-	1,400,000
SSG Traders (Private) Limited	-	550,000
Orbit Group	-	1,600,000
	<u>9,865,000</u>	<u>10,605,000</u>

9.1 These represent unrestricted funds received from the above mentioned donors for specific events / functions.

10. OTHER DONATIONS


Attorney General Sindh	5,000,000	-
Government of Sindh Culture Department	-	15,000,000
Government of Sindh Planning & Development Department	-	6,000,000
	<u>5,000,000</u>	<u>21,000,000</u>

11. GENERAL

11.1 Amounts have been rounded off to the nearest rupee.

11.2 These financial statements were authorised for issue by the Board of Trustees on

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Trustee


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