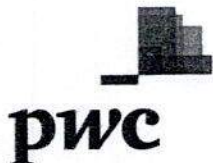


SHARMEEN KHAN MEMORIAL FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021



A.F. FERGUSON & CO.

The Board of Directors
Sharmeen Khan Memorial Foundation
1st Floor, Bahria Complex II
M.T. Khan Road
Karachi

September 23, 2021

ASR 0909

Dear Sirs

**SHARMEEN KHAN MEMORIAL FOUNDATION
DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

We have pleasure in enclosing five copies of the draft financial statements of the Company for the year ended June 30, 2021 with our draft audit report thereon which has been initialled by us for identification purposes. We shall be pleased to sign our report on these draft financial statements in its present or amended form after:

- a) these draft financial statements have been approved by the Board of Directors and signed by the Chief Executive Officer and one of the directors authorised in this behalf;
- b) we have seen the specific approval of the Board of Directors for the items listed in annexure 'A' to this letter;
- c) we have received satisfactory responses to our requests for confirmations from
 - (i) Faysal Bank Limited for IPS account and bank balances maintained with them as at June 30, 2021;
 - (ii) Zahid Hussain - the legal advisor of the Company; and
- d) we have received an appropriately signed representation letter along the lines of the draft enclosed with this letter.

2. RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors, in a usual examination of the financial statements, are explained in International Standard on Auditing 200, 'Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing'. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of the financial statements is primarily that of the Company's management in accordance with applicable financial reporting framework, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error. The management's responsibilities include to provide the auditor with (i) all information, such as records and documentation, and other matters that are relevant to the preparation and presentation of the financial statements; (ii) any additional information that the auditor may request from the management and, where appropriate, those charged with governance; and (iii) unrestricted access to those within the entity from whom the auditor determines it necessary to obtain audit evidence. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

We would like to inform the management that unless we have signed the auditors' report on these draft financial statements, the same shall remain and be deemed unaudited.

AFCO

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



A·F·FERGUSON&CO.

Letter ASR 0909
dated September 23, 2021

3. PROCUREMENT PROCESS

During the course of our audit we noted that the Company does not have any formal mechanism of obtaining quotations and evaluating vendors' quotations with comparable market prices. Further, the Company has a high dependency on the vendors *Madina Traders and SaDesign* from whom the Company made significant amount of purchases during the year.

We recommend that the Company should follow a formal mechanism of obtaining quotations to make any significant purchases in order to ensure transparency into the procurement process. Furthermore, the Company should consider the merits of reducing its dependency on a single vendor.

4. ALLOCATION OF SALARY EXPENSES

As disclosed in note 13.1 to the financial statements, the salary expenses of two employees of the Company are bifurcated into administrative expenses, school project expenses, water project expenses and health care project expenses in the ratios as defined therein. These expenses are allocated on the basis of hours spent directly for carrying out the administrative or any project related work proportionate to their total hours used in all the functions.

We have been given to understand by the management that the appropriate records demonstrating the hours incurred by each of the employee in the performance of the aforementioned functions are not formally documented at present. Further, the allocation is being made on the basis of ratios determined considering the best estimate of the amount of time spent by these employees for those functions.

We recommend that appropriate records should be formally documented and maintained by the management in respect of employees performing services under more than one functions and the respective salaries of these employees should be allocated accordingly.

5. RECORD KEEPING OF FIXED ASSETS

Section 220 of the Companies Act, 2017 requires every company to keep proper books of accounts and other relevant books and papers of the company. In this connection, the Institute of Chartered Accountants of Pakistan's Technical Release (TR) 6 'Fixed assets inventory and records' requires every company to maintain adequate itemised record of fixed assets and has specified minimum data fields to be maintained in the fixed asset register.

During our audit we noted that although all the assets of the Company are tagged with unique identification codes, no listing is being maintained at present mentioning the unique identification codes of the assets in the Company's office premises. Further, in respect of the assets of the Company relating to school project, a list identifying unique identification codes of the respective assets is being maintained and the fixed asset register showing the cost, accumulated depreciation, useful lives etc., of the same assets is being maintained separately which does not contain the identification codes.

We recommend that the management should carry out an exercise and prepare a consolidated list of all the fixed assets owned by it with unique identification codes assigned to each asset in the list. This should be done in order to strengthen control and monitoring of physical movement of the fixed assets.

6. TAXATION

Through the Finance Act, 2017, a condition had been added in section 100C of the Tax Ordinance regarding eligibility for availing 100% tax credit by the non-profit organisations (NPOs). The condition requires that the 'administrative and management expenses' of NPOs shall not exceed 15% of the total receipts of the NPO in order to avail 100% tax credit. Furthermore, tax on unspent funds (termed as 'surplus funds') of the NPO at the rate of 10% had also been introduced. 'Surplus funds' have been defined in the Tax Ordinance as under:

AJCO



A·F·FERGUSON&CO.

Letter ASR 0909
dated September 23, 2021

Surplus funds mean funds or monies:

- (i) not spent on charitable and welfare activities during the tax year;
- (ii) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;
- (iii) which are more than 25% of the total receipts of the NPO received during the tax year; and
- (iv) are not part of the restricted funds.

During the current year, the administrative expenses of the company stood at 14.57% of the total receipts during the year and there were no surplus funds. We recommend that the company should monitor the administrative expenses and surplus funds in coming years on a continuous basis to avoid any tax implications.

We take this opportunity to place on record our appreciation of the cooperation and courtesy extended to us during the course of our audit.

Yours truly

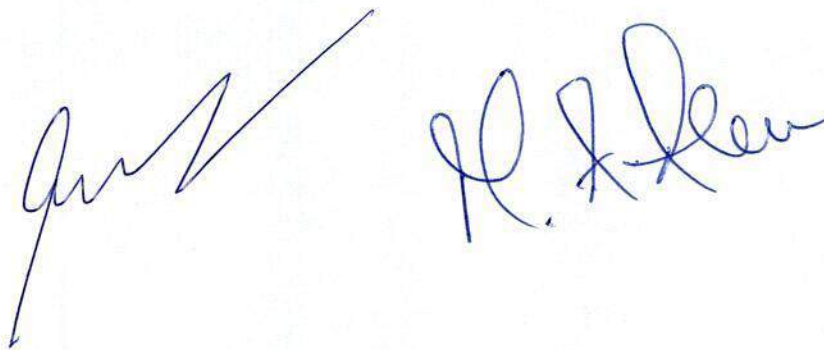
A. Ferguson & Co
encls

SHARMEEN KHAN MEMORIAL FOUNDATION

LIST OF ITEMS REQUIRING SPECIFIC APPROVAL OF THE BOARD OF DIRECTORS AS REFERRED TO IN PARAGRAPH 1(b) OF OUR LETTER ASR 0909 DATED SEPTEMBER 23, 2021

	Rupees
Fixed capital expenditure	694,660
Donations received during the year	
- Received in cash / through banking channel	2,245,000
- Received in kind	7,029
Zakat received during the year in cash / through banking channel	16,864,983
Allocation of salary expense to	
- Administrative expenses	1,379,508
- School project expenses	10,504,241
- Water project expenses	175,728
- Health care project expenses	175,728
Related party transactions as disclosed in note 18 to the financial statements.	

Attyco





INDEPENDENT AUDITOR'S REPORT

To the members of Sharmeen Khan Memorial Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sharmeen Khan Memorial Foundation (the Company), which comprise the statement of financial position as at June 30, 2021, and the income and expenditure statement, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2021 and of the surplus, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to materially misstate. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AFCO

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



A.F. FERGUSON & CO.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

AFCO



A.F. FERGUSON & Co.

- b) the statement of financial position, the income and expenditure statement, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. Ferguson & Co

A. F. Ferguson & Co,
Chartered Accountants
Karachi

Dated: October 7, 2021

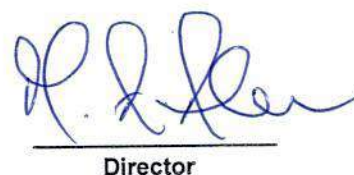
SHARMEEN KHAN MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		-----Rupees-----	
ASSETS			
Non-current assets			
Investments	4	34,461,680	38,553,233
Property, plant and equipment	5	1,627,791	1,988,959
Intangibles	6	32,069	57,200
		<u>36,121,540</u>	<u>40,599,392</u>
Current assets			
Cash and bank balances	7	10,284,612	6,169,340
Prepaid expenses		271,423	194,255
Advances and other receivables	8	201,050	10,500
Tax recoverable		232,679	62,581
		<u>10,989,764</u>	<u>6,436,676</u>
TOTAL ASSETS		<u>47,111,304</u>	<u>47,036,068</u>
LIABILITIES			
Non-current liabilities			
Deferred contribution	9	33,431,250	33,431,250
Current liabilities			
Accrued expenses		178,578	303,470
Deferred contribution	9	-	7,029
Withholding tax payable		37,933	1,875
		<u>216,511</u>	<u>312,374</u>
TOTAL LIABILITIES		<u>33,647,761</u>	<u>33,743,624</u>
NET ASSETS		<u>13,463,543</u>	<u>13,292,444</u>
REPRESENTED BY:			
Accumulated surplus		<u>13,463,543</u>	<u>13,292,444</u>
CONTINGENCIES AND COMMITMENTS	10		

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

At Co


Chief Executive Officer



Director

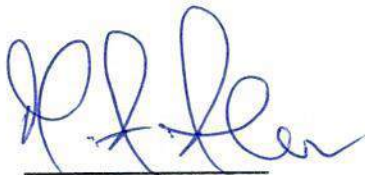
**SHARMEEN KHAN MEMORIAL FOUNDATION
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
		Rupees	
Income			
Donations	11	2,252,029	12,230,873
Zakat receipts	12	16,864,983	7,468,500
Mark-up on bank deposits and treasury bills		2,259,768	4,915,260
Dividend income		562,958	-
Unrealised gain on units of mutual fund	4.2	62,609	-
Gain on sale of investments		34,802	-
		<u>22,037,149</u>	<u>24,614,633</u>
Expenses			
Administrative expenses	13	3,211,765	3,060,044
School project expenses	14	18,184,958	17,043,641
Water project expenses	15	269,528	756,315
Health care project expenses	16	195,974	372,273
Give aways		-	1,000,000
Bank charges		3,825	2,821
		<u>21,866,050</u>	<u>22,235,094</u>
Surplus for the year before taxation		<u>171,099</u>	<u>2,379,539</u>
Taxation	17	-	-
Surplus for the year after taxation		<u><u>171,099</u></u>	<u><u>2,379,539</u></u>

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

AHCO


Chief Executive Officer


Director

SHARMEEN KHAN MEMORIAL FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

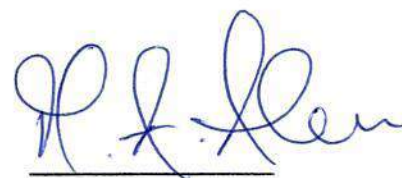
	Accumulated surplus -----Rupees-----
Balance as at June 30, 2019	10,912,905
Surplus for the year ended June 30, 2020 after taxation	2,379,539
Balance as at June 30, 2020	<u>13,292,444</u>
Surplus for the year ended June 30, 2021 after taxation	171,099
Balance as at June 30, 2021	<u><u>13,463,543</u></u>

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

AHCO



Chief Executive Officer



Director

SHARMEEN KHAN MEMORIAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		171,099	2,379,539
Adjustments:			
Depreciation	5	1,055,828	650,667
Amortisation	6	25,131	16,031
Donation-in-kind	11	(7,029)	(455,872)
Mark-up on bank deposits		(484,721)	(1,157,374)
Amortisation of treasury bills		(1,775,047)	(3,757,886)
Dividend income		(562,958)	-
Unrealised gain on units of mutual fund		(62,609)	-
Gain on sale of investments		(34,802)	-
		(1,675,108)	(2,324,895)
(Increase) / decrease in current assets			
Prepaid expenses		(77,168)	40,365
Advances and other receivables		(180,000)	-
Advance tax paid		(170,098)	(2,417)
		(427,266)	37,948
Increase / (decrease) in current liabilities			
Accrued expenses		(124,892)	1,062,196
Deferred contribution		-	33,431,250
Tax payable		36,058	(15,932)
		(88,834)	34,477,514
Net cash flows (used in) / generated from operating activities		(2,191,208)	32,190,567
CASH FLOW FROM INVESTING ACTIVITIES			
Investments made during the year		(112,953,552)	(70,204,402)
Investments matured during the year		115,915,000	35,380,000
Investments sold during the year		3,002,563	-
Dividend income		562,958	-
Purchase of property, plant and equipment		(694,660)	(1,874,345)
Purchase of intangibles		-	(36,400)
Mark-up income received on bank balances		474,171	448,105
Net cash flows used in investing activities		6,306,480	(36,287,042)
Decrease in cash and cash equivalents during the year		4,115,272	(4,096,475)
Cash and cash equivalents at the beginning of the year		6,169,340	10,265,815
Cash and cash equivalents at the end of the year	7	10,284,612	6,169,340

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

Atto

Chief Executive Officer

Director

SHARMEEN KHAN MEMORIAL FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND ACTIVITIES

Sharmeen Khan Memorial Foundation (the Company) is a company limited by guarantee, not having share capital, set up under section 42 of the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company has been licensed as a non-profit organisation by the Securities and Exchange Commission of Pakistan as on June 2, 2014 and was incorporated in Pakistan on June 25, 2014. The registered office of the Company is situated at 5th Floor, Bahria Complex II, M. T. Khan Road, Karachi (previously 1st Floor, Bahria Complex II, M.T. Khan Road, Karachi).

The main objectives of the Company are to work for the promotion of education, health and sustainable economic well being of the underprivileged classes particularly the children, the youth, the women and the farming class in Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organisations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- i) Depreciation of property, plant and equipment (notes 3.5 and 5);
- ii) Amortisation of intangibles (notes 3.6 and 6);
- iii) Income taxes (notes 3.4 and 17);
- iv) Impairment of assets (note 3.8);
- v) Provisions and contingent assets and contingent liabilities (note 3.9);
- vi) Allocation of expenses (notes 3.11 and 13.1); and
- vii) Imputed expenses (note 3.12).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except as mentioned otherwise.

Atco

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial instruments

3.1.1 Financial assets

3.1.1.1 Classification

The management determines the appropriate classification of the financial assets of the Company in accordance with the requirements of International Accounting Standard (IAS) 39, 'Financial instruments: recognition and measurement' at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of cash and bank balances and other receivables in the balance sheet.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity.

d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity or (c) financial assets at fair value through profit or loss.

3.1.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the income and expenditure statement.

3.1.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial asset at fair value through profit or loss' and 'available for sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the income and expenditure statement in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

3.1.1.4 Impairment

The Company assesses at each reporting date whether there is an objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of an equity instrument below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the income and expenditure statement.

ADJ CO

3.1.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

3.1.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the income and expenditure statement.

3.1.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.3 Income recognition

- Donations are recognised on a receipt basis.
- Donations received in kind (both material and services) are recognised at their nominal value if their fair values cannot be reliably estimated.
- Restricted contributions for expenses of one or more future periods are deferred and recognised as revenue in the same period or periods as the related expenses are recognised.
- Restricted contributions for the purchase of property, plant and equipment that will be depreciated are deferred and recognised as revenue on the same basis as the depreciation / amortisation expense related to the acquired property, plant and equipment.
- Restricted contributions for expenses of the current period are recognised as revenue in the current period.
- Mark-up on bank deposits and treasury bills is recorded on an accrual basis.

3.4 Taxation

The Company is registered with the income tax authorities as a non-profit organisation under section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rules 212 and 220A of the Income Tax Rules, 2002. The Company, being a non-profit organisation, is allowed a tax credit equal to one hundred percent (100%) of the tax payable, including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001, subject to fulfilment of certain conditions stipulated therein.

However, in accordance with sub-section 1(A) of section 100C of the Income Tax Ordinance, 2001, any surplus funds of the non-profit organisation shall be taxed at a rate of ten percent.

3.5 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. All other maintenance expenses are charged to the income and expenditure statement as and when incurred.

Depreciation on all property, plant and equipment is charged to the income and expenditure statement using the straight line method in accordance with the rates specified in note 5 to these financial statements after taking into account residual values, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income and expenditure statement in the period in which they arise.

AMCO

3.6 Intangibles

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets having finite lives are amortised using the straight line method from the month in which the assets are available for use, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company.

3.7 Deferred contribution

Whenever a donor contributes or donates with a specified restriction on the use of that donated sum, the same are considered as externally restricted funds. For such funds, deferral method of accounting is being followed in these financial statements. Under this method, a contribution or donation on which there is any externally imposed restriction and which remains unfulfilled are accumulated as deferred contributions in the statement of financial position and presented under liabilities.

3.8 Impairment

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount and the differences are recognised in the income and expenditure statement.

3.9 Provisions and contingent assets and contingent liabilities

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised and are disclosed unless an inflow of resources embodying economic benefits is virtually certain. Contingent liabilities are also not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

3.10 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3.11 Allocation of expenses

Expenses which contribute to, or produce the output of, more than one function and are considered directly related to the output of each of those functions and expenses of general support nature which do not directly contribute to, or produce the output of such functions are attributed among various operating functions to which they relate. The allocation is based on the category of expenses concerned and includes a) time (hours incurred directly in undertaking a function); b) usage (measured or estimated consumption attributable to the function); c) per capita (number of people employed within the function); and d) space (floor area occupied by a function).

3.12 Imputed expenses

Expenses which are not directly paid / incurred by the Company but the economic benefits of which flow to the Company are recognised as an expense with corresponding recognition of donation in kind on the basis consistent with the Company's use of those benefits and considering the outflow of resources embodying economic benefits had the Company incurred those expenses directly.

4 INVESTMENTS

Treasury bills - held to maturity
Faysal MTS fund - held for trading

Note	2021	2020
	Rupees	
4.1	-	38,553,233
4.2	34,461,680	-
	<u>34,461,680</u>	<u>38,553,233</u>

44CO

4.1 Treasury bills - held to maturity

Particulars	Rate of return per annum - June 30, 2020	Face value				Balance as at June 30, 2021	Balance as at June 30, 2020
		As at July 1, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021		
(Rupees)							
3 months	8.21% - 13.44%	13,200,000	79,730,000	92,930,000	-	-	13,157,814
12 months	13.65%	26,000,000	-	26,000,000	-	-	25,395,419
June 30, 2021						-	38,553,233

4.2 Faysal MTS fund - held for trading

Name of the investee fund	As at July 1, 2020	Purchases during the year ended June 30, 2021	Redemptions during the year ended June 30, 2021	As at June 30, 2021	As at June 30, 2021			As at June 30, 2020		
					Carrying value	Market value	Net unrealised gain on re-measurement of investments	Carrying value	Market value	Net unrealised gain on re-measurement of investments
					----- Number of units -----			----- Rupees -----		
Faysal MTS fund	-	340,161	-	340,161	34,399,071	34,461,680	62,609	-	-	-

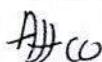
5 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT		2021			
	Note	Equipment	Furniture and fixtures	Computers	Total
----- Rupees -----					
Cost					
At July 1, 2020		160,071	345,965	3,251,458	3,757,494
Additions		-	499,860	194,800	694,660
At June 30, 2021	5.1	160,071	845,825	3,446,258	4,452,154
Accumulated depreciation					
At July 1, 2020		67,559	100,923	1,600,053	1,768,535
Depreciation charge for the year	5.2	21,964	143,393	890,471	1,055,828
As at June 30, 2021		89,523	244,316	2,490,524	2,824,363
Net book value		70,548	601,509	955,734	1,627,791
Rate of depreciation (%)	5.3	20%	20% - 50%	33.33%	
		2020			
	Note	Equipment	Furniture and fixtures	Computers	Total
----- Rupees -----					
Cost					
At July 1, 2019		65,500	157,765	1,659,884	1,883,149
Additions		94,571	188,200	1,591,574	1,874,345
At June 30, 2020	5.1	160,071	345,965	3,251,458	3,757,494
Accumulated depreciation					
At July 1, 2019		53,967	22,940	1,040,961	1,117,868
Depreciation charge for the year	5.2	13,592	77,983	559,092	650,667
As at June 30, 2020		67,559	100,923	1,600,053	1,768,535
Net book value		92,512	245,042	1,651,405	1,988,959
Rate of depreciation (%)	5.3	20%	20% - 50%	33.33%	

5.1 This includes fully depreciated assets having a cost of Rs 1,316,486 (2020: Rs 1,310,969).

Atco

	Note	2021	2020
		Rupees	
5.2	Depreciation charge for the year has been allocated as follows:		
Administrative expenses	13	72,541	16,492
School project expenses	14	983,287	634,175
Total		<u>1,055,828</u>	<u>650,667</u>
5.3	Depreciation rate of 50% (2020: 50%) on furniture and fixtures is charged on chairs donated from Springfield School. The rest of the furniture and fixtures have a depreciation rate of 20% (2020: 20%).		
6	INTANGIBLES	Note	2021 2020
			Rupees
			(Website)
Cost			
At July 1, 2020		186,767	150,367
Additions		-	36,400
At June 30, 2021		<u>186,767</u>	<u>186,767</u>
Accumulated amortisation			
At July 1, 2020		129,567	113,536
Amortisation charge for the year	13	25,131	16,031
At June 30, 2021		<u>154,698</u>	<u>129,567</u>
Net book value		<u>32,069</u>	<u>57,200</u>
Rate of amortisation (%)		<u>33.33%</u>	<u>33.33%</u>
7	CASH AND BANK BALANCES		
Cash in hand		2,951	-
Cash at banks			
- deposit accounts	7.1	<u>10,281,661</u>	<u>6,169,340</u>
		<u>10,284,612</u>	<u>6,169,340</u>
7.1	These accounts carry a rate of return ranging from 2.75% to 5.5% (2020: 2.35% to 6.5%) per annum.		
8	ADVANCES AND OTHER RECEIVABLES	Note	2021 2020
			Rupees
Accrued mark-up on bank deposits		21,050	10,500
Advance to supplier		<u>180,000</u>	<u>-</u>
		<u>201,050</u>	<u>10,500</u>
9	DEFERRED CONTRIBUTION		
Non-current			
School project	9.2	33,431,250	33,431,250
Current			
School chairs	9.3	-	7,029
		<u>33,431,250</u>	<u>33,438,279</u>
9.1	Movement in deferred contribution		
Opening as at July 1, 2020		33,438,279	262,901
Additions during the year		-	33,431,250
Recognised in the income and expenditure statement		7,029	255,872
Closing as at June 30, 2021		<u>33,431,250</u>	<u>33,438,279</u>
9.2	This represents donation by AJCL (Private) Limited (a corporate donor) restricted for initiating a new school project that covers acquisition of land, construction and meeting related expenses. As of June 30, 2021, these funds have not been utilised by the Company.		
9.3	This represent chairs donated by Springfield School for the school project.		



10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

	Note	2021	2020
		Rupees	
11 DONATIONS			
11.1 Donation by sources			
Corporate	11.2	2,007,029	503,012
Individuals		145,000	10,250,000
Other not-for-profit organisations		100,000	1,477,861
		<u>2,252,029</u>	<u>12,230,873</u>

11.2 This includes donation in kind amounting to Rs. 7,029 (2020: Rs. 3,021) representing amortisation of deferred contribution relating to chairs donated by Springfield School for the school project recognised in the income and expenditure statement during the current year.

	Note	2021	2020
		Rupees	
12 ZAKAT RECEIPTS			
12.1 Zakat by sources			
Individuals		15,639,983	7,368,500
Other not-for-profit organisations		1,225,000	100,000
		<u>16,864,983</u>	<u>7,468,500</u>

13 ADMINISTRATIVE EXPENSES

Salaries expense	13.1	1,379,508	1,348,154
Utilities expenses		68,868	87,119
Rent expense		1,157,789	971,859
Consultancy fee		226,667	230,279
Website maintenance		137,680	158,876
Depreciation expense	5.2	72,541	16,492
Amortisation expense	6	25,131	16,032
Auditors' remuneration	13.2	19,224	17,820
COVID-19 related expenses		8,050	-
Others		116,307	213,413
		<u>3,211,765</u>	<u>3,060,044</u>

13.1 The salary expense of Mariam Sheikh (projects administrator) is bifurcated into school project expenses, water project expenses and health care project expenses in the ratio of 70%, 15% and 15% (2020: 70%, 15% and 15%) respectively. The salary expense of Waseem Sajjad (common boy) is bifurcated into administrative expenses and school project expenses in the ratio of 50% and 50% (2020: 50% and 50%) respectively. This is based on the hours they incurred directly in undertaking a project proportionate to their total hours used in all the functions.

	Note	2021	2020
		Rupees	
13.2 Auditors' remuneration			
Statutory audit fee		5,000	5,000
Tax services		10,800	10,000
Sindh sales tax on services		1,924	1,700
Out of pocket expenses		1,500	1,120
		<u>19,224</u>	<u>17,820</u>

14 SCHOOL PROJECT EXPENSES

The Company entered into an arrangement with the Sindh Education Foundation under 'adopt a school program' in which the adopting entity will incur expenses for uplifting the overall standard of schools by building infrastructure and providing basic necessities to these schools. The expenses incurred by the Company for the school it has adopted are as follows:

AJ/cb

	Note	2021	2020
		Rupees	
Salaries expense	13.1	10,504,241	10,155,843
Depreciation expense	5.2	983,287	634,175
School uniforms and bags		-	22,800
Repair and maintenance		853,957	160,525
Computers maintenance		36,981	192,702
Equipment		-	26,355
Class room renovation		33,820	18,300
Staff training		24,000	24,307
Janitorial expense		1,537,500	1,500,000
Sports equipment		-	60,505
Extra curricular activities and workshops		-	28,200
Internet connection		62,393	46,875
Laboratory equipment		67,743	-
Stationery, text books and copies		1,598,595	931,921
Lunch program		1,039,993	2,025,948
COVID-19 related expenses		76,095	-
Others		1,366,353	1,215,185
		<u>18,184,958</u>	<u>17,043,641</u>

15 WATER PROJECT EXPENSES

The Company has been working for supply of clean drinking water to the schools and small towns in the province of Sindh in collaboration with different non-governmental organisations. Details of the expenses incurred by the Company in this connection are as follows:

	Note	2021	2020
		Rupees	
Salaries expense	13.1	175,728	171,735
Water filtration plant and related expenses	15.1	93,800	310,900
Others		-	273,680
		<u>269,528</u>	<u>756,315</u>

- 15.1 This represents Rs. 93,800 (2020: 310,900) paid to Community Advisory and Welfare Services (a related party by virtue of common directorship) for the rehabilitation of the various water filtration plants and sponsorship for related transportation arrangements.

16 HEALTH CARE PROJECT EXPENSES

The Company is working on tracking and improving the nutrition of the students in its school project. Enrolled students receive regular checkups and basic medical provisions which include nutritional assessment, ENT and oral hygiene checkups. Details of the expenses incurred by the Company in this connection are as follows:

	Note	2021	2020
		Rupees	
Salaries expense	13.1	175,728	171,735
Health care		20,246	200,538
		<u>195,974</u>	<u>372,273</u>

17 TAXATION

As per section 100C of the Income Tax Ordinance (ITO), 2001, non profit organisations, trusts or welfare organisations as mentioned in sub section 2 of section 100C shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum and final tax payable under any of the provisions of the ITO, 2001, subject to the fulfilment of the conditions as stipulated therein.

The operations of the Company fall within the purview of section 100C of the ITO, 2001 and the tax credit of hundred percent is allowed under section 100C of the ITO, 2001 in respect of tax payable including final taxes payable and consequently no charge has been recognised in these financial statements.

ADCO

18 TRANSACTIONS WITH RELATED PARTIES

- 18.1 The following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the financial year:

S. no	Name of related party	Relationship
1	Naved A Khan	Chief Executive Officer / Member
2	Umrana Najam	Sibling of the Chief Executive Officer
3	Rayyan N Khan	Lineal descendant of the Chief Executive Officer
4	Dr. Rashid Bajwa	Member and Director
5	Shalla Subhani	Sibling of the Chief Executive Officer
6	M. Abdul Aleem	Member and Director
7	Seema Hassan	Key Management Personnel
8	Mariam Shaikh	Key Management Personnel
9	Gas & Oil Pakistan Limited	Common directorship
10	Hisham N Khan	Lineal descendant of the Chief Executive Officer
11	Community Advisory and Welfare Services	Common directorship
12	Bahria Foundation	Common directorship

18.2 Balances and transactions with related parties

Donations and Zakat from related parties are measured in accordance with the accounting policies as disclosed in these financial statements.

Details of balances and transactions with related parties as at the end of, and during, the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2021	2020
	Rupees	
18.2.1 Transactions with related parties during the year		
Naved A Khan		
Donation	20,000	30,000
Zakat	5,599,983	898,000
Umrana Najam		
Donation	-	20,000
Zakat	300,000	400,000
Dr. Rashid Bajwa		
Zakat	500,000	250,000
Shalla Subhani		
Zakat	50,000	50,000
M. Abdul Aleem		
Zakat	250,000	250,000
Gas & Oil Pakistan Limited		
Donation	500,000	-
Hisham N Khan		
Zakat	-	330,000
Community Advisory and Welfare Services		
Water project expenses	93,800	310,900
Bahria Foundation		
Rent expense	1,157,789	971,859
Remuneration of the key management personnel	2,311,152	2,258,626

At Co

2021 2020
----- Rupees -----

**19 REMUNERATION OF EXECUTIVES,
CHIEF EXECUTIVE OFFICER AND DIRECTORS**

19.1 Executive means an employee other than the chief executive and directors, whose basic salary exceeds Rs 1,200,000 in a financial year.

20 NUMBER OF EMPLOYEES

2021 2020
---- Number of employees ----

Actual number of employees as at June 30, 2021

48 45

Average number of employees for the year ended June 30, 2021

47 48

21 GENERAL

21.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. There were no significant reclassifications / restatements in these financial statements during the current year.

21.2 Effects of COVID-19 pandemic

On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreational public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the Government of Pakistan, the State Bank of Pakistan and the Securities & Exchange Commission of Pakistan (SECP) have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.


The Company's adopted school (Government School, PECHS, Block 6, Quaideen Campus) was closed on February 27, 2020 due to COVID-19 pandemic as per the Government of Sindh - School, Education and Literacy Department's notification NO. SO (A&T)SELD/9(3)/2020 dated February 27, 2020 as a result of the nationwide lockdown. During the lockdown period, private schools and educational institutions were providing online classes. However, the Company did not start any online activity due to it being beyond the means of the students studying in the Company's adopted school. Nevertheless, in order to continuously provide education to the students, the Company devised a homework worksheet program for the students. Under this program, the teachers of all classes prepared worksheets as per their relevant subjects and handed them over to the students who then returned them after completing work.

The above program continued till the second week of September 2020. The school continued with the physical classes starting from September 15, 2020, with temporary closures, as per the various notifications of the Government of Sindh - School, Education and Literacy Department. Apart from the temporary closure of the Company's adopted school as mentioned above, the management believes that there is no significant impact of the COVID-19 pandemic on these financial statements.

22 DATE OF AUTHORISATION

These financial statements were authorised for issue on _____ by the Board of Directors of the Company.

ADCO


Chief Executive Officer


Director