

SHARMEEN KHAN MEMORIAL FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

A•F•FERGUSON&CO.
Chartered Accountants
a member firm of the PwC network





A.F. FERGUSON & CO.

The Board of Directors
Sharmeen Khan Memorial Foundation
5th Floor, Bahria Complex II
M.T. Khan Road
Karachi

September 29, 2022

ASR 1317

Dear Sirs

**SHARMEEN KHAN MEMORIAL FOUNDATION
DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

We have pleasure in enclosing five copies of the draft financial statements of the Company for the year ended June 30, 2022 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 Zahid Hussain - the legal advisor of the Company.
- 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.

3. ALLOCATION OF SALARY EXPENSES

As disclosed in note 15.1 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.

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A.F. FERGUSON & CO.

Letter ASR 1317
dated September 29, 2022

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.

4. 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 assets 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 assets register showing the cost, accumulated depreciation, useful lives etc., of the same assets is also 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 monitor physical movement of the fixed assets.

5. TAXATION

Through the Finance Act, 2017, a condition had been added in section 100C of the Income Tax Ordinance, 2001 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 Income Tax Ordinance, 2001 as under:

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 12.86% 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.F. Ferguson & Co.

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ANNEXURE 'A'

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 1317 DATED SEPTEMBER 29, 2022

	Rupees
Fixed capital expenditure	149,500
Fixed Assets write offs - cost	43,600
Donations received during the year	
- Received in cash / through banking channel	6,302,900
Zakat received during the year in cash / through banking channel	18,834,122
Allocation of salary expense to	
- Administrative expenses	1,694,778
- School project expenses	11,306,056
- Water project expenses	175,728
- Health care project expenses	175,728
Related party transactions as disclosed in note 20 to the financial statements.	

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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, 2022, 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, 2022 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

There is no other information accompanying the financial statements of Sharmeen Khan Memorial Foundation.

Responsibilities of Management and Board of Directors for the Financial Statements

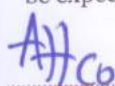
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary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

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.



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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);
- 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 19, 2022

UDIN: AR202210061rLZ20o1fj

SHARMEEN KHAN MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		-----Rupees-----	
ASSETS			
Non-current assets			
Investments	4	37,541,489	34,461,680
Property, plant and equipment	5	917,870	1,627,791
Intangibles	6	9,101	32,069
		<u>38,468,460</u>	<u>36,121,540</u>
Current assets			
Cash and bank balances	7	10,568,951	10,284,612
Prepaid expenses	8	223,411	271,423
Advances and other receivables	9	318,395	201,050
Tax recoverable		148,235	232,679
		<u>11,258,992</u>	<u>10,989,764</u>
TOTAL ASSETS		<u>49,727,452</u>	<u>47,111,304</u>
LIABILITIES			
Non-current liabilities			
Deferred contribution	10	33,431,250	33,431,250
Current liabilities			
Accrued expenses	11	297,059	178,578
Withholding tax payable		35,831	37,933
		<u>332,890</u>	<u>216,511</u>
TOTAL LIABILITIES		<u>33,764,140</u>	<u>33,647,761</u>
NET ASSETS		<u>15,963,312</u>	<u>13,463,543</u>
REPRESENTED BY:			
Accumulated surplus		<u>15,963,312</u>	<u>13,463,543</u>
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 24 form an integral part of these financial statements.

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Chief Executive Officer

Director

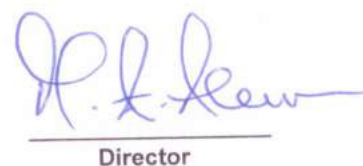
**SHARMEEN KHAN MEMORIAL FOUNDATION
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
		-----Rupees-----	
Income			
Donations	13	6,302,900	2,252,029
Zakat receipts	14	18,834,122	16,864,983
Mark-up on bank deposits and treasury bills		290,373	2,259,768
Dividend income		3,367,590	562,958
Unrealised gain on units of mutual fund	4.1	217,360	62,609
Gain on sale of investments		-	34,802
		<u>29,012,345</u>	<u>22,037,149</u>
Expenses			
Administrative expenses	15	3,731,422	3,211,765
School project expenses	16	21,814,719	18,184,958
Water project expenses	17	175,728	269,528
Health care project expenses	18	201,031	195,974
Bank charges		93	3,825
		<u>25,922,993</u>	<u>21,866,050</u>
Surplus for the year before taxation		<u>3,089,352</u>	<u>171,099</u>
Taxation	19	589,583	-
Surplus for the year after taxation		<u><u>2,499,769</u></u>	<u><u>171,099</u></u>

The annexed notes 1 to 24 form an integral part of these financial statements.

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Chief Executive Officer


Director

SHARMEEN KHAN MEMORIAL FOUNDATION
STATEMENT OF CHANGES NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Accumulated surplus -----Rupees -----
Balance as at June 30, 2020	13,292,444
Surplus for the year ended June 30, 2021 after taxation	171,099
Balance as at June 30, 2021	<u>13,463,543</u>
Surplus for the year ended June 30, 2022 after taxation	2,499,769
Balance as at June 30, 2022	<u><u>15,963,312</u></u>

The annexed notes 1 to 24 form an integral part of these financial statements.

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Chief Executive Officer



Director

SHARMEEN KHAN MEMORIAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		2,499,769	171,099
Adjustments:			
Depreciation	5	859,421	1,055,828
Amortisation	6	22,968	25,131
Donation-in-kind		-	(7,029)
Mark-up on bank deposits		(290,373)	(484,721)
Amortisation of treasury bills		-	(1,775,047)
Dividend Income		(3,367,590)	(562,958)
Unrealised gain on units of mutual fund	4.1	(217,360)	(62,609)
Gain on sale on investments		-	(34,802)
		(493,165)	(1,675,108)
Decrease / (increase) in current assets			
Prepaid expenses		48,012	(77,168)
Advances and other receivables		(65,888)	(180,000)
Tax recoverable		84,444	(170,098)
		66,568	(427,266)
Increase / (decrease) in current liabilities			
Accrued expenses		118,481	(124,892)
Withholding tax payable		(2,102)	36,058
		116,379	(88,834)
Net cash flows used in operating activities		(310,218)	(2,191,208)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments made during the year		(2,862,449)	(112,953,552)
Investments matured during the year		-	115,915,000
Investments sold during the year		-	3,002,563
Dividend income		3,367,590	562,958
Purchase of property, plant and equipment		(149,500)	(694,660)
Mark-up income received on bank balances		238,916	474,171
Net cash flows generated from investing activities		594,557	6,306,480
Increase in cash and cash equivalents during the year		284,339	4,115,272
Cash and cash equivalents at the beginning of the year		10,284,612	6,169,340
Cash and cash equivalents at the end of the year	7	10,568,951	10,284,612

The annexed notes 1 to 24 form an integral part of these financial statements.

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Chief Executive Officer

Director

SHARMEEN KHAN MEMORIAL FOUNDATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 19);
- 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 15.1); 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.

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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.

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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 5 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.

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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.

	Note	2022	2021
		----- Rupees -----	
4 INVESTMENTS			
Faysal MTS fund - held for trading	4.1	37,541,489	34,461,680
		<u>37,541,489</u>	<u>34,461,680</u>

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4.1 Faysal MTS fund - held for trading

Name of the investee fund	As at June 30, 2022				As at June 30, 2021		
	As at July 1, 2021	Purchases during the year ended June 30, 2022	Redemptions during the year ended June 30, 2022	As at June 30, 2022	Carrying value	Market value	Net unrealised gain on re-measurement of investments
	Number of units				Rupees		
Faysal MTS fund	340,161	28,254	-	368,415	37,324,129	37,541,489	217,360
					34,399,071	34,461,680	62,609

5 PROPERTY, PLANT AND EQUIPMENT

Note	2022			
	Equipment	Furniture and fixtures	Computers	Total
	Rupees			
Cost				
At July 1, 2021	160,071	845,825	3,446,258	4,452,154
Additions	-	149,500	-	149,500
Write offs	(28,600)	-	(15,000)	(43,600)
At June 30, 2022	131,471	995,325	3,431,258	4,558,054
Accumulated depreciation				
At July 1, 2021	89,523	244,316	2,490,524	2,824,363
Depreciation charge for the year	21,114	180,747	657,560	859,421
Write offs	(28,600)	-	(15,000)	(43,600)
As at June 30, 2022	82,037	425,063	3,133,084	3,640,184
Net book value	49,434	570,262	298,174	917,870
Rate of depreciation (%)	20%	20% - 50%	33.33%	

Note	2021			
	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	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	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 (%)	20%	20% - 50%	33.33%	

5.1 This includes fully depreciated assets having a cost of Rs 1,700,085 (2021: Rs 1,316,486).

Note	2022	2021
	Rupees	
5.2 Depreciation charge for the year has been allocated as follows:		
Administrative expenses	15	74,418
School project expenses	16	785,004
Total		859,421
		1,055,828

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%).

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6	INTANGIBLES	Note	2022	2021
			Rupees (Website)	
	Cost			
	At July 1, 2021		186,767	186,767
	Additions		-	-
	At June 30, 2022		186,767	186,767
	Accumulated amortisation			
	At July 1, 2021		154,698	129,567
	Amortisation charge for the year	15	22,968	25,131
	At June 30, 2022		177,666	154,698
	Net book value		9,101	32,069
	Rate of amortisation (%)		33.33%	33.33%
7	CASH AND BANK BALANCES	Note	2022	2021
			Rupees	
	Cash in hand		10,011	2,951
	Cash at banks			
	- saving accounts		10,558,940	10,281,661
			10,568,951	10,284,612
8	PREPAID EXPENSES		2022	2021
			Rupees	
	Prepaid rent		105,402	96,480
	Prepaid website expense		118,009	111,593
	Prepaid e-learning		-	63,350
			223,411	271,423
9	ADVANCES AND OTHER RECEIVABLES		2022	2021
			Rupees	
	Accrued mark-up on bank deposits		72,507	21,050
	Advance to supplier		245,888	180,000
			318,395	201,050
10	DEFERRED CONTRIBUTION		2022	2021
			Rupees	
	Non-current			
	School project	10.2	33,431,250	33,431,250
			33,431,250	33,431,250
10.1	Movement in deferred contribution		2022	2021
			Rupees	
	Opening as at July 1, 2021		33,431,250	33,438,279
	Additions during the year		-	-
	Recognised in the income and expenditure statement		-	7,029
	Closing as at June 30, 2022		33,431,250	33,431,250
10.2	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 at June 30, 2022 these funds have not been utilised by the company.		2022	2021
			Rupees	
11	ACCRUED EXPENSES		2022	2021
			Rupees	
	EOBI contribution		102,960	-
	Auditors' remuneration		8,304	15,324
	Legal expense		18,960	18,960
	Tax advisory		85,600	74,800
	Others		81,235	69,494
			297,059	178,578

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12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

	Note	2022	2021
		----- Rupees -----	
13 DONATIONS			
13.1 Donation by sources			
Corporate		5,460,000	2,007,029
Individuals		842,900	145,000
Other not-for-profit organisations		-	100,000
		<u>6,302,900</u>	<u>2,252,029</u>

14 ZAKAT RECEIPTS**14.1 Zakat by sources**

Individuals	18,559,122	15,639,983
Other not-for-profit organisations	275,000	1,225,000
	<u>18,834,122</u>	<u>16,864,983</u>

15 ADMINISTRATIVE EXPENSES

Salaries expense	15.1	1,694,778	1,379,508
Utilities expenses		100,642	68,868
Rent expense		1,229,132	1,157,789
Consultancy fee		299,471	226,667
Website maintenance		154,083	137,680
Depreciation expense	5.2	74,418	72,541
Amortisation expense	6	22,968	25,131
Auditors' remuneration	15.2	17,820	19,224
COVID-19 related expenses		-	8,050
Legal and professional fee		11,475	-
Others		126,635	116,307
		<u>3,731,422</u>	<u>3,211,765</u>

15.1 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% (2021: 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% (2021: 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.

	2022	2021
	----- Rupees -----	
15.2 Auditors' remuneration		
Statutory audit fee	5,000	5,000
Tax services	10,000	10,800
Sindh sales tax on services	1,320	1,924
Out of pocket expenses	1,500	1,500
	<u>17,820</u>	<u>19,224</u>

16 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:

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	Note	2022	2021
		----- Rupees -----	
Salaries expense	15.1	11,306,056	10,504,241
Depreciation expense	5.2	785,004	983,287
School uniforms and bags		498,980	-
Repair and maintenance		82,274	853,957
Computers maintenance		53,048	36,981
Library expense		183,643	-
Class room renovation		5,950	33,820
Staff training		30,000	24,000
Janitorial expense		1,724,062	1,537,500
Sports equipment		16,570	-
Extra curricular activities and workshops		321,204	-
Internet connection		37,024	62,393
Laboratory equipment		149,170	67,743
Stationery, text books and copies		2,545,843	1,598,595
Lunch program		2,572,953	1,039,993
COVID-19 related expenses		-	76,095
Learning and development		61,019	-
EOBI contribution		349,050	-
Others		1,092,870	1,366,353
		<u>21,814,719</u>	<u>18,184,958</u>

17 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	2022	2021
		----- Rupees -----	
Salaries expense	15.1	175,728	175,728
Water filtration plant and related expenses		-	93,800
		<u>175,728</u>	<u>269,528</u>

18 HEALTH CARE PROJECT EXPENSES

The Company is working on tracking and improving the nutrition of the students in its adopted school. 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	2022	2021
		----- Rupees -----	
Salaries expense	15.1	175,728	175,728
Health care		25,303	20,246
		<u>201,031</u>	<u>195,974</u>

19 TAXATION

Current		505,139	-
Prior year		84,444	-
	19.1	<u>589,583</u>	<u>-</u>

- 19.1 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.

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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 except for dividend income which is not eligible for tax credit under 100C.

20 TRANSACTIONS WITH RELATED PARTIES

- 20.1 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	Ghazala Iqbal	Sibling of the Chief Executive Officer
4	Rayyan N Khan	Lineal descendant of the Chief Executive Officer
5	Dr. Rashid Bajwa	Member and Director
6	Shaila Subhani	Sibling of the Chief Executive Officer
7	M. Abdul Aleem	Member and Director
8	Seema Hassan	Key Management Personnel
9	Mariam Shaikh	Key Management Personnel
10	Gas & Oil Pakistan Limited	Common directorship
11	Hisham N Khan	Lineal descendant of the Chief Executive Officer
12	Community Advisory and Welfare Services	Common directorship
13	AGP Limited	Common directorship
14	Bahria Foundation	Common directorship

20.2 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:

	2022	2021
	----- Rupees -----	
20.2.1 Transactions with related parties during the year		
Naved A Khan		
Donation	700,000	20,000
Zakat	9,791,673	5,599,983
Umrana Najam		
Zakat	300,000	300,000
Dr. Rashid Bajwa		
Zakat	500,000	500,000
Shaila Subhani		
Zakat	50,000	50,000
M. Abdul Aleem		
Zakat	250,000	250,000
Mariam Shaikh		
Zakat	87,449	-
Ghazala Iqbal		
Zakat	20,000	-
Gas & Oil Pakistan Limited		
Donation	-	500,000

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	2022	2021
	----- Rupees -----	----- Rupees -----
Community Advisory and Welfare Services		
Water Project expenses	-	93,800
AGP Limited		
Donation	2,300,000	-
Bahria Foundation		
Rent expense	1,229,132	1,157,789
Remuneration of key management personnel	2,626,422	2,311,152

	2022	2021
	----- Rupees -----	----- Rupees -----
21 REMUNERATION OF EXECUTIVES, CHIEF EXECUTIVE OFFICER AND DIRECTORS	<u>2,626,422</u>	<u>2,311,152</u>

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

	2022	2021
	--- Number of employees ---	--- Number of employees ---
22 NUMBER OF EMPLOYEES		
Actual number of employees as at June 30, 2022	<u>46</u>	<u>48</u>
Average number of employees for the year ended June 30, 2022	<u>49</u>	<u>47</u>

23 GENERAL

- 23.1 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.

24 DATE OF AUTHORISATION

These financial statements were authorised for issue on _____, 2022 by the Board of Directors of the Company.


Chief Executive Officer


Director