

SHARMEEN KHAN MEMORIAL FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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



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

October 4, 2023

ASR 1686

Dear Sirs,

**SHARMEEN KHAN MEMORIAL FOUNDATION
DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

We have pleasure in enclosing five copies of the draft financial statements of the Company for the year ended June 30, 2023 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 the valuation report for 27 laptops as further explained in point 5 to our letter; 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.

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 1686
dated October 4, 2023

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.

In this regard, we have been informed by the management that this exercise has been initiated and is expected to be completed before the year ending June 30, 2024.

5. DONATION-IN-KIND

During the year, 131 used laptops were donated by Afiniti Software Solutions (Private) Limited out of which 19 were returned as they were not in working condition. The Company has accounted for this donation as per the treatment specified in Accounting Standard for Not for Profit Organisations (NPOs) issued by Institute of Chartered Accountants of Pakistan. In this regard, the fair value of 85 laptops has been determined by the IT technician of the Company. The management has used the average value for these 85 laptops for determining the fair value of remaining 27 laptops, however, separate valuation of 27 laptops is not available. In this regard, we have sought the valuation of the remaining 27 laptops.

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

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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, 2023, and the income and expenditure statement, the statement of changes in net assets, 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 net assets 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, 2023 and of the surplus, the changes in net assets 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.

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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.

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A.F.FERGUSON & Co.

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 net assets 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 **Junaid Mesia**.

A.Ferguson & Co

A. F. Ferguson & Co,
Chartered Accountants
Karachi
Dated: October 7, 2023
UDIN: AR202310611jIvosFDbw

SHARMEEN KHAN MEMORIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

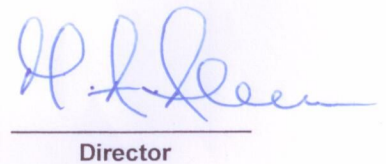
	Note	2023	2022
		-----Rupees-----	
ASSETS			
Non-current assets			
Investments	4	38,006,762	37,541,489
Property, plant and equipment	5	2,907,579	917,870
Intangibles	6	-	9,101
		<u>40,914,341</u>	<u>38,468,460</u>
Current assets			
Cash and bank balances	7	10,914,314	10,568,951
Prepayment	8	259,461	223,411
Advances and other receivables	9	69,925	318,395
Tax recoverable		148,235	148,235
		<u>11,391,935</u>	<u>11,258,992</u>
TOTAL ASSETS		<u>52,306,276</u>	<u>49,727,452</u>
LIABILITIES			
Non-current liabilities			
Deferred contribution	10	35,860,482	33,431,250
Current liabilities			
Accrued expenses	11	321,909	297,059
Withholding tax payable		38,195	35,831
		<u>360,104</u>	<u>332,890</u>
TOTAL LIABILITIES		<u>36,220,586</u>	<u>33,764,140</u>
NET ASSETS		<u>16,085,690</u>	<u>15,963,312</u>
REPRESENTED BY:			
Accumulated surplus		<u>16,085,690</u>	<u>15,963,312</u>
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes 1 to 25 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, 2023

	Note	2023	2022
-----Rupees-----			
Income			
Donations	13	4,470,768	6,302,900
Zakat receipts	14	19,751,470	18,834,122
Mark-up on bank deposits and treasury bills		702,776	290,373
Dividend income		4,341,451	3,367,590
Unrealised gain on units of mutual fund	4.1	235,596	217,360
Gain on sale of investments		1,469,858	-
		<u>30,971,919</u>	<u>29,012,345</u>
Expenses			
Administrative expenses	15	4,500,744	3,731,422
School project expenses	16	23,829,141	21,814,719
Water project expenses	17	197,693	175,728
Health care project expenses	18	232,161	201,031
Give aways	19	1,000,000	-
Bank charges		1,130	93
		<u>29,760,869</u>	<u>25,922,993</u>
Surplus for the year before taxation		<u>1,211,050</u>	<u>3,089,352</u>
Taxation	20	1,088,672	589,583
Surplus for the year after taxation		<u>122,378</u>	<u>2,499,769</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>122,378</u></u>	<u><u>2,499,769</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.

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Chief Executive Officer


Director

SHARMEEN KHAN MEMORIAL FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Accumulated surplus ----Rupees ----
Balance as at June 30, 2021	13,463,543
Surplus for the year ended June 30, 2022 after taxation	2,499,769
Balance as at June 30, 2022	<u>15,963,312</u>
Surplus for the year ended June 30, 2023 after taxation	122,378
Balance as at June 30, 2023	<u><u>16,085,690</u></u>

The annexed notes 1 to 25 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, 2023

	Note	2023	2022
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year before taxation		1,211,050	3,089,352
Adjustments:			
Depreciation	5	1,163,191	859,421
Amortisation	6	9,101	22,968
Donation-in-kind	13.1	(650,768)	-
Mark-up on bank deposits		(702,776)	(290,373)
Amortisation of treasury bills		-	-
Dividend Income		(4,341,451)	(3,367,590)
Unrealised gain on units of mutual fund	4.1	(235,596)	(217,360)
Gain on sale on investments		(1,469,858)	-
		<u>(5,017,107)</u>	<u>96,418</u>
Decrease / (increase) in current assets			
Prepaid expenses		(36,050)	48,014
Advances and other receivables		245,888	(65,888)
		209,838	(17,874)
Increase / (decrease) in current liabilities			
Accrued expenses		24,850	118,481
Withholding tax payable		2,364	(2,102)
		27,214	116,379
Net cash flows (used in) / generated from operating activities		<u>(4,780,055)</u>	<u>194,923</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investments made during the year		(38,000,000)	-
Investments matured during the year		-	-
Investments sold during the year		42,492,960	-
Dividend received		-	-
Purchase of property, plant and equipment		(72,900)	(149,500)
Mark-up income received on bank balances		705,358	238,916
Net cash flows generated from investing activities		<u>5,125,418</u>	<u>89,416</u>
Increase in cash and cash equivalents during the year		<u>345,363</u>	<u>284,339</u>
Cash and cash equivalents at the beginning of the year		10,568,951	10,284,612
Cash and cash equivalents at the end of the year	7	<u><u>10,914,314</u></u>	<u><u>10,568,951</u></u>

The annexed notes 1 to 25 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, 2023

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 20);
- 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 statement of financial position.

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 statement of financial position 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 statement of financial position 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.

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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.

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 fair market value unless fair market value can not be reliably estimated, in which case they are carried at their nominal value.
- 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.
- Gain on sale of investments 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.

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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.

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.

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4 INVESTMENTS	Note	2023	2022
----- Rupees -----			
Investment in Mutual Funds - financial asset at fair value through profit or loss	4.1	38,006,762	37,541,489
		<u>38,006,762</u>	<u>37,541,489</u>

4.1 Investment in mutual funds - financial asset at fair value through profit or loss

Name of the investee fund					As at June 30, 2023			As at June 30, 2022		
	As at July 1, 2022	Purchases during the year ended June 30, 2023	Redemptions during the year ended June 30, 2023	As at June 30, 2023	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	368,415	-	368,415	-	-	-	-	37,324,129	37,541,489	217,360
Faysal Financial Sector Opportunity Fund	-	403,742	36,456	367,286	37,771,166	38,006,762	235,596	-	-	-
					<u>37,771,166</u>	<u>38,006,762</u>	<u>235,596</u>	<u>37,324,129</u>	<u>37,541,489</u>	<u>217,360</u>

5 PROPERTY, PLANT AND EQUIPMENT	Note	2023			
		Equipment	Furniture and fixtures	Computers	Total
----- Rupees -----					
Cost					
At July 1, 2022		131,471	995,325	3,431,258	4,558,054
Additions	10.3	72,900	-	3,080,000	3,152,900
Write offs		-	-	-	-
At June 30, 2023	5.1	<u>204,371</u>	<u>995,325</u>	<u>6,511,258</u>	<u>7,710,954</u>
Accumulated depreciation					
At July 1, 2022		82,037	425,063	3,133,084	3,640,184
Depreciation charge for the year	5.2	31,884	193,205	938,102	1,163,191
Write offs		-	-	-	-
As at June 30, 2023		<u>113,921</u>	<u>618,268</u>	<u>4,071,186</u>	<u>4,803,375</u>
Net book value		<u>90,450</u>	<u>377,057</u>	<u>2,440,072</u>	<u>2,907,579</u>
Rate of depreciation (%)	5.3	<u>20%</u>	<u>20% - 50%</u>	<u>33.33%</u>	
	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	5.1	<u>131,471</u>	<u>995,325</u>	<u>3,431,258</u>	<u>4,558,054</u>
Accumulated depreciation					
At July 1, 2021		89,523	244,316	2,490,524	2,824,363
Depreciation charge for the year	5.2	21,114	180,747	657,560	859,421
Write offs		(28,600)	-	(15,000)	(43,600)
As at June 30, 2022		<u>82,037</u>	<u>425,063</u>	<u>3,133,084</u>	<u>3,640,184</u>
Net book value		<u>49,434</u>	<u>570,262</u>	<u>298,174</u>	<u>917,870</u>
Rate of depreciation (%)		<u>20%</u>	<u>20% - 50%</u>	<u>33.33%</u>	

5.1 This includes fully depreciated assets having a cost of Rs. 2,945,800 (2022: Rs. 1,700,085).

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	Note	2023	2022
		----- Rupees -----	
5.2 Depreciation charge for the year has been allocated as follows:			
Administrative expenses	15	68,650	74,418
School project expenses	16	1,094,542	785,004
Total		<u>1,163,191</u>	<u>859,421</u>
	Note	2023	2022
		----- Rupees -----	
6 INTANGIBLES		(Website)	
Cost			
At July 1, 2022		186,767	186,767
Additions		-	-
At June 30, 2023		<u>186,767</u>	<u>186,767</u>
Accumulated amortisation			
At July 1, 2022		177,666	154,698
Amortisation charge for the year	15	9,101	22,968
At June 30, 2023		<u>186,767</u>	<u>177,666</u>
Net book value		<u>-</u>	<u>9,101</u>
Rate of amortisation (%)		<u>33.33%</u>	<u>33.33%</u>
	Note	2023	2022
		----- Rupees -----	
7 CASH AND BANK BALANCES			
Cash in hand		5,169	10,011
Cash at banks			
- saving accounts		10,909,145	10,558,940
		<u>10,914,314</u>	<u>10,568,951</u>
8 PREPAYMENT			
Prepaid rent		115,211	105,402
Prepaid website expense		144,250	118,009
		<u>259,461</u>	<u>223,411</u>
9 ADVANCES AND OTHER RECEIVABLES			
Accrued mark-up on bank deposits		69,925	72,507
Advance to supplier		-	245,888
		<u>69,925</u>	<u>318,395</u>
10 DEFERRED CONTRIBUTION			
Non-current			
School project	10.2	33,431,250	33,431,250
Laptops	10.3	2,429,232	-
		<u>35,860,482</u>	<u>33,431,250</u>
10.1 Movement in deferred contribution			
Opening as at July 1, 2022		33,431,250	33,431,250
Additions during the year	5	3,080,000	-
Recognised in the income and expenditure statement		650,768	-
Closing as at June 30, 2023		<u>35,860,482</u>	<u>33,431,250</u>

After

- 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 on June 30, 2023 these funds have not been utilised by the company.
- 10.3 This represents donation of 112 used laptops by Afiniti Software Solutions Pvt. Ltd (a corporate donor). This has been recorded as deferred contribution and will be recognised in income and expenditure account over the course of 3 years from the date of receipt of donation. These laptops have been valued at Rs. 3,080,000 and a depreciation expense of Rs. Rs. 650,768 has been charged during the year on these laptops with a corresponding income of the same amount being recognised in the current year.

11 ACCRUED EXPENSES	2023	2022
	----- Rupees -----	
EOBI contribution	60,000	102,960
Auditors' remuneration	8,304	8,304
Legal expense	18,960	18,960
Tax advisory	96,400	85,600
Others	138,245	81,235
	<u>321,909</u>	<u>297,059</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

13 DONATIONS	Note	2023	2022
		----- Rupees -----	
13.1 Donation by sources			
Corporate		3,700,000	5,460,000
Individuals		120,000	842,900
Donation-in-kind	10.3	650,768	-
		<u>4,470,768</u>	<u>6,302,900</u>

14 ZAKAT RECEIPTS

14.1 Zakat by sources

Individuals	19,301,470	18,559,122
Other not-for-profit organisations	450,000	275,000
	<u>19,751,470</u>	<u>18,834,122</u>

15 ADMINISTRATIVE EXPENSES

Salaries expense	15.1	2,025,358	1,694,778
Utilities expenses		72,254	100,642
Rent expense		1,343,286	1,229,132
Consultancy fee		296,000	299,471
Website maintenance		171,529	154,083
Depreciation expense	5.2	68,650	74,418
Amortisation expense	6	9,101	22,968
Auditors' remuneration	15.2	17,820	17,820
Legal and professional fee		384,045	11,475
Others		112,701	126,635
		<u>4,500,744</u>	<u>3,731,422</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% (2022: 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% (2022: 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.

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15.2 Auditors' remuneration	2023	2022
	----- Rupees -----	
Statutory audit fee	5,000	5,000
Tax services	10,000	10,000
Sindh sales tax on services	1,320	1,320
Out of pocket expenses	1,500	1,500
	<u>17,820</u>	<u>17,820</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:

	Note	2023	2022
		----- Rupees -----	
Salaries expense	15.1	11,442,368	11,306,056
Depreciation expense	5.2	1,094,542	785,004
School uniforms and bags		340,490	498,980
Repair and maintenance		180,694	82,274
Computers maintenance		39,365	53,048
Library expense		-	183,643
Class room renovation		94,390	5,950
Staff training		-	30,000
Janitorial expense		1,607,500	1,724,062
Sports equipment		960	16,570
Extra curricular activities and workshops		233,478	321,204
Internet connection		98,927	37,024
Laboratory equipment		118,330	149,170
Stationery, text books and copies		2,481,017	2,545,843
Lunch program		3,711,560	2,572,953
Learning and development		620,541	61,019
EOBI contribution		552,011	349,050
Others		1,212,969	1,092,869
		<u>23,829,141</u>	<u>21,814,719</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	2023	2022
		----- Rupees -----	
Salaries expense	15.1	197,693	175,728
		<u>197,693</u>	<u>175,728</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	2023	2022
		----- Rupees -----	
Salaries expense	15.1	197,693	175,728
Health care		34,468	25,303
		<u>232,161</u>	<u>201,031</u>

After

19	GIVE AWAYS	Note	2023	2022
			----- Rupees -----	
	Donation to flood victims	19.1	1,000,000	-
			<u>1,000,000</u>	<u>-</u>

19.1 This donation represents contribution to relief efforts carried out for flood victims by Bahria Foundation.

20	TAXATION	Note	2023	2022
			----- Rupees -----	
	Current		1,088,672	505,139
	Prior year		-	84,444
		20.1	<u>1,088,672</u>	<u>589,583</u>

20.1 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.

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 and capital gain which is not eligible for tax credit under 100C.

21 TRANSACTIONS WITH RELATED PARTIES

21.1 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	Hisham N Khan	Lineal descendant of the Chief Executive Officer
11	AGP Limited	Common directorship
12	Bahria Foundation	Common directorship

21.2 Balances and transactions with related parties

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:

21.2.1 Transactions with related parties during the year	2023	2022
	----- Rupees -----	
Naved A Khan		
Donation	-	700,000
Zakat	9,524,000	9,791,673
Umrana Najam		
Zakat	-	300,000

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	2023	2022
	----- Rupees -----	
Dr. Rashid Bajwa Zakat	300,000	500,000
Shaila Subhani Zakat	-	50,000
M. Abdul Aleem Zakat	250,000	250,000
Mariam Shaikh Zakat	-	87,449
Ghazala Iqbal Zakat	-	20,000
AGP Limited Donation	2,600,000	2,300,000
Bahria Foundation Rent expense	1,343,286	1,229,132
Donation expense	1,000,000	-
Remuneration of key management personnel	3,072,952	2,626,422
	2023	2022
	----- Rupees -----	
22 REMUNERATION OF EXECUTIVES, CHIEF EXECUTIVE OFFICER AND DIRECTORS	<u>3,072,952</u>	<u>2,626,422</u>

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

	2023	2022
	---- Number of employees ----	
23 NUMBER OF EMPLOYEES		
Actual number of employees as at June 30, 2023	<u>45</u>	<u>46</u>
Average number of employees for the year ended June 30, 2023	<u>46</u>	<u>49</u>

24 GENERAL

24.1 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.

25 DATE OF AUTHORISATION

These financial statements were authorised for issue on _____, 2023 by the Board of Directors of the Company.

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Chief Executive Officer

Director