

KARACHI DOWN SYNDROME PROGRAM

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**



INDEPENDENT AUDITOR'S REPORT

To the members of Karachi Down Syndrome Program

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Karachi Down Syndrome Program (the Company), which comprise the statement of financial position as at June 30, 2022, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund balance, 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 comprehensive income, the statement of changes in fund balance 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 and other comprehensive income, the changes in fund balance 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

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

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

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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 Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

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 comprehensive income, the statement of changes in fund balance 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 Osama Kapadia.

**A. F. Ferguson & Co.
Chartered Accountants
Karachi**

Date: December 16, 2022

UDIN: AR2022100800LyuEv1pZ

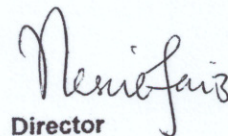
**KARACHI DOWN SYNDROME PROGRAM
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022**

| | Note | 2022 | 2021 |
|--------------------------------------|------|---------------------------|---------------------------|
| | | -----Rupees----- | |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 4 | 38,123,325 | 2,552,098 |
| Right-of-use assets | 5 | 41,986,980 | 40,321,983 |
| Long term deposits | 6 | <u>1,940,000</u> | <u>1,870,000</u> |
| | | 82,050,305 | 44,744,081 |
| Current assets | | | |
| Advances and prepayments | 7 | <u>713,480</u> | <u>130,162</u> |
| Other receivables | 8 | 4,934,255 | 1,195,191 |
| Short term investments | 9 | - | 16,503,041 |
| Cash and bank balances | 10 | <u>54,984,969</u> | <u>41,449,117</u> |
| | | 60,632,704 | 59,277,511 |
| TOTAL ASSETS | | <u><u>142,683,009</u></u> | <u><u>104,021,592</u></u> |
| FUND AND LIABILITIES | | | |
| Fund | | | |
| General fund | 11 | 600,000 | 600,000 |
| Accumulated surplus | | <u>55,505,347</u> | <u>42,032,632</u> |
| | | 56,105,347 | 42,632,632 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred income | 12 | <u>30,629,506</u> | <u>17,047,529</u> |
| Lease liabilities | 13 | <u>44,597,546</u> | <u>38,555,879</u> |
| | | 75,227,052 | 55,603,408 |
| Current liabilities | | | |
| Current portion of lease liabilities | 13 | <u>3,564,282</u> | <u>2,397,014</u> |
| Trade and other payables | 14 | <u>7,786,328</u> | <u>3,388,538</u> |
| | | 11,350,610 | 5,785,552 |
| Contingencies and Commitments | 15 | | |
| TOTAL FUND AND LIABILITIES | | <u><u>142,683,009</u></u> | <u><u>104,021,592</u></u> |

The annexed notes 1 to 30 form an integral part of these financial statements.



Chief Executive Officer



Director

**KARACHI DOWN SYNDROME PROGRAM
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

| | Note | 2022 | 2021 |
|-----------------------------|------|--------------------|-------------------|
| -----Rupees----- | | | |
| Income | | | |
| Donations | | 42,217,218 | 33,898,014 |
| Donate A-Thon | | 16,738,880 | 15,545,000 |
| Income from KDSP Golf event | | 6,451,069 | - |
| Deferred income utilized | 12 | 32,311,535 | 12,717,714 |
| Income from KDSP Carnival | 16 | 14,260,099 | - |
| Therapy income | 17 | 2,891,055 | 2,143,530 |
| Education and training | 18 | 2,348,850 | 1,335,737 |
| Handicrafts and merchandise | | 224,710 | 310,770 |
| Program and events income | | 541,609 | 233,266 |
| Other income | 19 | 1,935,945 | 1,766,643 |
| | | 119,920,970 | 67,950,674 |
| Expenditure | | | |
| Cost of operations | 20 | 92,305,511 | 48,434,334 |
| Administrative expenses | 21 | 14,142,744 | 7,432,721 |
| | | 106,448,255 | 55,867,055 |
| Surplus for the year | | 13,472,715 | 12,083,619 |

The annexed notes 1 to 30 form an integral part of these financial statements.

Signature

Signature
Chief Executive Officer

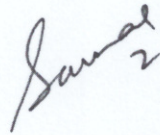
Signature
Director

KARACHI DOWN SYNDROME PROGRAM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

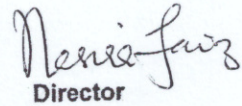
| | 2022 | 2021 |
|--|-------------------|-------------------|
| | -----Rupees----- | |
| Surplus for the year | 13,472,715 | 12,083,619 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>13,472,715</u> | <u>12,083,619</u> |

The annexed notes 1 to 30 form an integral part of these financial statements.

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Chief Executive Officer



Director

KARACHI DOWN SYNDROME PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2022

| | General fund | Revenue reserve (Accumulated surplus) | Total |
|---|-----------------------|--|--------------------------|
| | -----Rupees----- | | |
| Balance as at July 1, 2020 | 600,000 | 29,949,013 | 30,549,013 |
| Total comprehensive income for the year | - | 12,083,619 | 12,083,619 |
| Balance as at June 30, 2021 | <u>600,000</u> | <u>42,032,632</u> | <u>42,632,632</u> |
| Total comprehensive income for the year | - | 13,472,715 | 13,472,715 |
| Balance as at June 30, 2022 | <u><u>600,000</u></u> | <u><u>55,505,347</u></u> | <u><u>56,105,347</u></u> |

The annexed notes 1 to 30 form an integral part of these financial statements.

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Chief Executive Officer

Naveed Faiz
Director

KARACHI DOWN SYNDROME PROGRAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

| | Note | 2022 | 2021 |
|--|------|---------------------|--------------------|
| | | -----Rupees----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Surplus for the year | | 13,472,715 | 12,083,619 |
| Adjustment for non-cash items: | | | |
| - Depreciation on property and equipment | 4.2 | 1,888,132 | 847,010 |
| - Depreciation on right-of-use assets | 5 | 8,457,930 | 1,604,725 |
| - Profit on savings bank account | 19 | (1,373,027) | (606,511) |
| - Interest on short term investments | 19 | (562,918) | (1,160,132) |
| - Deferred income utilized | 12 | (32,311,535) | (12,717,714) |
| - Interest on lease liability | 20 | 5,232,936 | 619,967 |
| - Bank charges | 21 | 129,820 | 128,363 |
| | | <u>(5,065,947)</u> | <u>799,327</u> |
| Working capital changes: | | | |
| (Increase) / Decrease in current assets: | | | |
| - Advances and prepayments | | (583,318) | 195,180 |
| - Other receivables | | (3,739,064) | 857,379 |
| | | <u>(4,322,382)</u> | <u>1,052,559</u> |
| Increase in current liabilities: | | | |
| - Trade and other payables | | 4,397,790 | 905,415 |
| | | <u>75,408</u> | <u>1,957,974</u> |
| Restricted donations received | | 45,893,512 | 23,227,333 |
| Cash generated from operations | | <u>40,902,973</u> | <u>25,984,634</u> |
| Increase in long term deposits | | (70,000) | (835,000) |
| Net cash generated from operating activities | | <u>40,832,973</u> | <u>25,149,634</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of investments - net | | 16,000,000 | - |
| Profit received on savings bank account | | 1,373,027 | 975,749 |
| Profit received on short term investment | | 1,065,959 | 1,652,833 |
| Capital expenditure incurred | | (37,918,759) | (743,998) |
| Net cash (utilized in) / generated from investing activities | | <u>(19,479,773)</u> | <u>1,884,584</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Lease rentals paid | | (7,687,528) | (2,017,400) |
| Bank charges paid | | (129,820) | (128,363) |
| Net cash utilized in financing activities | | <u>(7,817,348)</u> | <u>(2,145,763)</u> |
| Net cash and cash equivalents generated during the year | | 13,535,852 | 24,888,455 |
| Cash and cash equivalents at beginning of the year | | 41,449,117 | 16,560,662 |
| Cash and cash equivalents at end of the year | 10 | <u>54,984,969</u> | <u>41,449,117</u> |

The annexed notes 1 to 30 form an integral part of these financial statements.

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Sawal
Chief Executive Officer

Nenie faiz
Director

**KARACHI DOWN SYNDROME PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. STATUS AND NATURE OF ACTIVITIES

- 1.1 Karachi Down Syndrome Program (KDSP) (the Company) was incorporated on December 05, 2014 under section 42 of the Companies Ordinance, 1984 (now the Companies Act, 2017) as a public company limited by guarantee. The Company's business unit and registered office is situated at Suite 102, 1st floor, Jason Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2 The principal activities of the Company are to establish, develop, maintain, manage and run all-inclusive centers and institutions for any person, family or party affected by down syndrome and to provide them with the opportunity to live full and independent lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

2.2 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 on the Company comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Act; and
- Provisions of and directives issued under the Act.

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

2.3 Standards, interpretations and amendments to published approved accounting and reporting standards

2.3.1 Standards, interpretations and amendments to approved accounting and reporting standards adopted by the Company

The amendments to the accounting and reporting standards that became mandatory for the Company's annual accounting period beginning on 1 July 2021 are considered not to be relevant or to have any significant impact on the financial reporting of the Company.

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2.3.2 Standards, interpretations and amendments to approved accounting and reporting standards that are not yet effective:

The following new standards have been issued by the International Accounting Standards Board which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan.

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

Further, there are amendments to the published accounting and reporting standards that are not effective for the period beginning on July 2021 and are considered not to be relevant or to have a significant effect on the Company's financial reporting and therefore have not been presented here.

2.4 Property and equipment

These are stated at historical cost less accumulated depreciation and impairment, if any.

Depreciation is calculated on cost of property and equipment less their estimated residual values using the straight line method over their useful lives and is recognized in the income and expenditure statement. The rates over which property and equipment are depreciated are disclosed in note 4 to the financial statements. Depreciation on additions to property and equipment is charged from the month the assets is available for use up to the month of disposal.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income and expenditure statement during the year in which these are incurred.

Gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of an asset is recognized in income and expense statement.

2.5 Lease liabilities and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognized as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Company.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

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Lease payments include fixed payments less any lease incentives received, variable lease payments that are based on an index or a rate which are initially measured using the index or a rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option, if any, and if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, and is recorded in the income and expenditure statement if the carrying amount of right-to-use asset has been reduced to zero.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

Payments associated with short-term leases of offices are recognized on a straight-line basis as an expense in income and expenditure. Short-term leases are leases with a lease term of 12 months or less.

The right-of-use asset is initially measured based on the initial amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets in the following measurement categories based on the Company's business model for managing the financial assets and the contractual terms of the cash flows:

(a) At amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal amount outstanding are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

(b) At fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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(c) At fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss.

2.6.2 Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on the trade-date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized 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 recognized at fair value and transaction costs are expensed out in the income and expenditure statement.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category, together with interest thereon (if any), are recognized in the income and expenditure statement. Financial assets at amortized cost are carried as such using the effective interest rate method.

Interest on financial assets at fair value through other comprehensive income is calculated using the effective interest rate method and is recognized in the income and expenditure statement. Dividends on financial assets at fair value through other comprehensive income and at fair value through profit or loss are recognized in the income and expenditure statement when the Company's right to receive payments is established.

For financial assets at fair value through other comprehensive income, interest income, impairment gains or losses and foreign exchange gains and losses are recognized in the income and expenditure statement. The fair value changes are recognized in other comprehensive income. When financial instruments classified as financial assets at fair value through other comprehensive income are sold, the accumulated gain or loss previously recognized in other comprehensive income is reclassified to other income / expense within the income and expenditure statement.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.6.3 Financial liabilities

All financial liabilities are recognized initially at fair value plus directly attributable transaction costs, if any, and subsequently measured at amortized cost using effective interest rate method. These are classified as current liabilities if payment is due within one year. If not, they are presented as non current liabilities.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income and expenditure statement.

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2.7 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is recognized in the statement of the financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future event and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the foundation or the counterparty.

2.8 Impairment

a) Financial assets

For financial assets, the Company recognizes lifetime Expected Credit Loss (ECL) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

b) Non-financial assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income and expenditure statement.

2.9 General fund

Funds generated by the Company through contribution from the promoters of the Company without any restriction and specific purpose or activity are classified as general fund.

2.10 Deferred income

Restricted donations / zakat by donors are initially recognized as deferred income on receipt. Subsequently, they are recognized in the income and expenditure statement to match the cost and expenditure incurred in respect of the same.

2.11 Taxation

Under section 100C of the Income Tax Ordinance, 2001, the Company is allowed a tax credit equal to one hundred percent of the tax payable including minimum tax and final taxes payable under any of the provisions thereof.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with banks on current and savings accounts and short term investments with original maturity of three months or less.

2.13 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

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2.14 Provisions, contingent assets and contingent liabilities

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

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

2.15 Income

The Company recognizes its income on the following basis:

- Donations which are unrestricted are accounted for on receipt basis. Donations in kind are recognized at fair value determined at the time when the donations are received;
- Dividend income from investments is recognized when the Company's right to receive dividend has been established;
- Income from welfare services are recognized when the services are rendered and performance obligations are fulfilled;
- Income from sale of tickets / handicrafts is recognized when performance obligation of delivering the ticket / handicraft is fulfilled;
- Sponsorship income is recognized when performance obligation of promoting the sponsors at events is fulfilled;
- Income on investments is recognized on accrual basis;
- Income on savings bank accounts is recognized on accrual basis; and
- Income in respect of restricted donations / zakat is recognized as and when the related expenses are incurred.

2.16 Expenses

All expenses are recognized in the income and expenditure statement on accrual basis.

2.17 Functional currency and foreign currency transactions and translation

The financial statements are presented in Pakistan Rupees which is the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure statement.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

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3.1 Property and equipment

The Company reviews the appropriateness of the rate of depreciation, useful life and residual values used for recording the depreciation on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.2 Right of use assets and lease liabilities

The implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use assets and lease liabilities is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4. PROPERTY AND EQUIPMENT

4.1 The following is a summary of the Company's owned operating fixed assets.

| | Lease hold improvements | Furniture & Fixtures | Office Equipment | Vehicles | Total |
|---------------------------------|-------------------------|----------------------|------------------|-----------|-------------|
| Rupees | | | | | |
| As at July 1, 2020 | | | | | |
| Cost | - | 1,044,258 | 3,686,904 | 97,000 | 4,828,162 |
| Accumulated depreciation | - | (337,268) | (1,784,262) | (51,522) | (2,173,052) |
| Net book value | - | 706,990 | 1,902,642 | 45,478 | 2,655,110 |
| Year ended June 30, 2021 | | | | | |
| Opening net book value | - | 706,990 | 1,902,642 | 45,478 | 2,655,110 |
| Additions | - | 30,000 | 713,998 | - | 743,998 |
| Depreciation charge - note 4.2 | - | (104,672) | (731,738) | (10,600) | (847,010) |
| Closing net book value | - | 632,318 | 1,884,902 | 34,878 | 2,552,098 |
| As at June 30, 2021 | | | | | |
| Cost | - | 1,074,258 | 4,400,902 | 97,000 | 5,572,160 |
| Accumulated depreciation | - | (441,940) | (2,516,000) | (62,122) | (3,020,062) |
| Net book value | - | 632,318 | 1,884,902 | 34,878 | 2,552,098 |
| Year ended June 30, 2022 | | | | | |
| Opening net book value | - | 632,318 | 1,884,902 | 34,878 | 2,552,098 |
| Additions | 25,842,244 | 2,651,390 | 7,630,225 | 1,335,500 | 37,459,359 |
| Depreciation charge - note 4.2 | (694,291) | (193,923) | (979,805) | (20,113) | (1,888,132) |
| Closing net book value | 25,147,953 | 3,089,785 | 8,535,322 | 1,350,265 | 38,123,325 |
| As at June 30, 2022 | | | | | |
| Cost | 25,842,244 | 3,725,648 | 12,031,127 | 1,432,500 | 43,031,519 |
| Accumulated depreciation | (694,291) | (635,863) | (3,495,805) | (82,235) | (4,908,194) |
| Net book value | 25,147,953 | 3,089,785 | 8,535,322 | 1,350,265 | 38,123,325 |
| Annual rate of depreciation (%) | 16% | 10% | 20% | 20% | |

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| | Note | 2022 | 2021 |
|--|------|------------------------|------------------------|
| | | -----Rupees----- | |
| 4.2 Depreciation charge for the year has been allocated as follows: | | | |
| Cost of operations | 20 | 1,792,625 | 838,540 |
| Administrative expenses | 21 | 95,507 | 8,470 |
| | | <u>1,888,132</u> | <u>847,010</u> |
| 5. RIGHT-OF-USE ASSETS | | | |
| Balance at the beginning of the year | | | |
| Cost | | 43,531,433 | 4,814,176 |
| Accumulated depreciation | | (3,209,450) | (1,604,725) |
| Net book value | | <u>40,321,983</u> | <u>3,209,451</u> |
| Movement during the year | | | |
| Opening net book value | | 40,321,983 | 3,209,451 |
| Impact of re-assessment | | 7,825,927 | - |
| Additions | 5.1 | 2,297,000 | 38,717,257 |
| Depreciation charge for the year | 20 | (8,457,930) | (1,604,725) |
| Closing net book value | | <u>41,986,980</u> | <u>40,321,983</u> |
| Balance at the end of the year | | | |
| Cost | | 53,654,360 | 43,531,433 |
| Accumulated depreciation | | (11,667,380) | (3,209,450) |
| Net book value | | <u>41,986,980</u> | <u>40,321,983</u> |
| Annual rate of depreciation (%) | | <u>14.29% - 33.33%</u> | <u>14.29% - 33.33%</u> |

5.1 This includes right-of-use asset recognized in relation to the motor vehicle acquired on rental basis.

| | Note | 2022 | 2021 |
|--|------|------------------|------|
| | | -----Rupees----- | |

6. LONG TERM DEPOSITS

| | | | |
|------------------|-----|------------------|------------------|
| Security deposit | 6.1 | <u>1,940,000</u> | <u>1,870,000</u> |
|------------------|-----|------------------|------------------|

6.1 This includes security deposits given against rental premises.

7. ADVANCES AND PREPAYMENTS

Advances - Considered good (unsecured)

| | | | |
|-----------------------|--|----------------|---------------|
| - Advance to supplier | | 492,629 | 50,000 |
| - Others | | - | 500 |
| | | <u>492,629</u> | <u>50,500</u> |

Prepayments

| | | | |
|---------------|--|----------------|----------------|
| - Insurance | | 148,890 | 78,976 |
| - Website fee | | 71,961 | 686 |
| | | <u>220,851</u> | <u>79,662</u> |
| | | <u>713,480</u> | <u>130,162</u> |

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| | Note | 2022 | 2021 |
|--------------------------------|------|------------------|------------------|
| -----Rupees----- | | | |
| 8. OTHER RECEIVABLES | | | |
| Sponsorship receivable | 8.1 | 4,289,398 | - |
| Less: provision for impairment | 8.2 | (1,800,000) | - |
| | | 2,489,398 | - |
| Advance income tax | 8.3 | 2,025,885 | 1,195,191 |
| Others | | 418,972 | - |
| | | <u>4,934,255</u> | <u>1,195,191</u> |

8.1 This includes sponsorship receivables in respect of KDSP Carnival 2022.

| | 2022 | 2021 |
|---|------------------|----------|
| -----Rupees----- | | |
| 8.2 The movement in provision during the year is as follows: | | |
| Provision at beginning of the year | - | - |
| Charged during the year | 1,800,000 | - |
| Provision at the end of the year | <u>1,800,000</u> | <u>-</u> |

8.3 This represents tax deducted / collected at source mainly on bank profits, utility bills, cash withdrawal and sponsorship income.

| | Note | 2022 | 2021 |
|----------------------------------|------|------|------------|
| -----Rupees----- | | | |
| 9. SHORT TERM INVESTMENTS | | | |
| - At amortized cost | | | |
| - Term deposit receipts | | - | 16,503,041 |

| | Note | 2022 | 2021 |
|-----------------------------------|------|-------------------|-------------------|
| -----Rupees----- | | | |
| 10. CASH AND BANK BALANCES | | | |
| Balances with banks in: | | | |
| - Savings accounts | 10.1 | 52,590,099 | 37,960,737 |
| - Current accounts | | 1,974,240 | 2,732,180 |
| | | <u>54,564,339</u> | <u>40,692,917</u> |
| Cash in hand | | 420,630 | 756,200 |
| | | <u>54,984,969</u> | <u>41,449,117</u> |

10.1 Savings accounts carry profit at the rate of 5.5% to 12.25% (2021: 5.5%) per annum.

11. GENERAL FUND

This represents start-up donation contributed by the promoters of the Company for setting up the Company and starting the operations, which is not restricted to any specific project of the Company.

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| | 2022 | 2021 |
|---|-------------------|-------------------|
| Note | -----Rupees----- | |
| 12. DEFERRED INCOME | | |
| Movement in deferred income is as follows: | | |
| Balance at beginning of the year | 17,047,529 | 6,168,672 |
| Add: Funds / donations received during the year | | |
| - Enrichment program | - | 2,934,000 |
| - Zakat fund | 12.8 45,893,512 | 19,016,466 |
| - Healthcare | - | 56,123 |
| - Early childhood intervention | - | 258,235 |
| - Family support | - | 368,510 |
| - Financial aid fund | - | 471,737 |
| - Education and training | - | 491,500 |
| | 45,893,512 | 23,596,571 |
| Less: Funds / donations utilized | | |
| - Enrichment program | 12.3 (2,602,082) | (2,525,638) |
| - Family support | (177,070) | (191,440) |
| - Health care | (56,123) | - |
| - Early childhood intervention | 12.4 (258,235) | - |
| - Financial aid fund | 12.5 (417,244) | (344,652) |
| - Education and training | 12.6 (461,100) | (39,649) |
| - Zakat fund | 12.7 (28,339,681) | (9,616,335) |
| | (32,311,535) | (12,717,714) |
| Balance at end of the year | <u>30,629,506</u> | <u>17,047,529</u> |
| 12.1 Balance at the end of the year comprise of: | | |
| - Enrichment program | - | 2,602,082 |
| - Early childhood intervention | - | 258,235 |
| - Financial aid fund | - | 417,243 |
| - Zakat fund | 30,629,506 | 13,075,676 |
| - Healthcare | - | 56,123 |
| - Family support | - | 177,070 |
| - Education and training | - | 461,100 |
| | <u>30,629,506</u> | <u>17,047,529</u> |
| 12.2 No restricted donation other than zakat received during the year. | | |
| 12.3 The utilization of Enrichment Program fund is in respect of various recreational program costs which include painting, art and craft materials and instructors fee amounting to Rs. 2,602,082 (2021: Rs. 2,525,638). | | |
| 12.4 The utilization of Early Childhood Intervention Program fund is in respect of subsidy amounting to Rs. 258,235 (2021: Nil). | | |

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- 12.5 The utilization of Financial Aid fund is in respect of financial support to down syndrome individual which includes their education and health amounting to Rs. 417,244 (2021: Rs. 344,652).
- 12.6 The utilization of Education and Training fund is in respect of education, training and therapy goods amounting to Rs. 461,100 (2021: Rs. 39,649).
- 12.7 Zakat funds are restricted for expenditure on down syndrome individuals who are entitled to receive Zakat under the Islamic shariah.
- 12.8 This includes profit on saving account amounting to Rs. 1,140,301 (2021: Rs. 369,238).

| | Note | 2022 | 2021 |
|--|------|-------------------|-------------------|
| | | -----Rupees----- | |
| 13. LEASE LIABILITIES | | | |
| Opening balance | | 40,952,893 | 3,633,069 |
| Additions during the year | | 1,837,600 | 38,717,257 |
| Impact of re-assessment | | 7,825,927 | - |
| Interest charged during the year | | 5,232,936 | 619,967 |
| Lease rentals paid | | (7,687,528) | (2,017,400) |
| Closing balance | | 48,161,828 | 40,952,893 |
| Less: Current portion of lease liability | | (3,564,282) | (2,397,014) |
| | | <u>44,597,546</u> | <u>38,555,879</u> |

14. TRADE AND OTHER PAYABLES

| | | | |
|--------------------------------|------|------------------|------------------|
| Creditors | | 3,115,135 | 327,600 |
| Salaries payable | | 3,740,034 | 2,674,727 |
| Security deposit payable | 14.1 | 245,500 | 128,000 |
| Withholding income tax payable | | 435,910 | 101,012 |
| Others | | 249,749 | 157,199 |
| | | <u>7,786,328</u> | <u>3,388,538</u> |

- 14.1 Includes security deposit received from the children of Early Pre-School Experience Program (EPEP) amounting to Rs. 158,500 (2021: Rs. 41,000) in accordance with the terms of admission, refundable at the time of leaving the school. This also includes security deposit of Rs. 87,000 (2021: Rs. 87,000) received from students on Tailored Assistance Program (TAP) which is refunded after the end of session. The amount is not utilizable for the Company's business.

15. CONTINGENCIES AND COMMITMENTS

There are no contingencies and / or commitments as at June 30, 2022 (2021: Nil).

| | Note | 2022 | 2021 |
|--------------------------------------|------|-------------------|----------|
| | | -----Rupees----- | |
| 16. INCOME FROM KDSP CARNIVAL | | | |
| Sponsorship fees for carnival | | 12,319,399 | - |
| Sale of entry tickets | | 921,500 | - |
| Others | 16.1 | 1,019,200 | - |
| | | <u>14,260,099</u> | <u>-</u> |

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16.1 This represents income from various stalls placed at the carnival for arts and craft, food, indoor games and other recreational activities.

17. THERAPY INCOME

This is net of subsidy amounting to Rs. 1,163,740 (2021: Rs. 428,575).

18. EARLY PRE-SCHOOL EXPERIENCE PROGRAM

This is net of subsidy amounting to Rs. 855,000 (2021: Rs. 323,800).

| | Note | 2022 | 2021 |
|--|------|-------------------|-------------------|
| | | -----Rupees----- | |
| 19. OTHER INCOME | | | |
| Income from financial assets | | | |
| Profit on bank accounts | | 1,373,027 | 606,511 |
| Interest on short term investment | | 562,918 | 1,160,132 |
| | | <u>1,935,945</u> | <u>1,766,643</u> |
| 20. COST OF OPERATIONS | | | |
| Salaries and allowances | | 31,326,918 | 29,697,679 |
| KDSP carnival and other events | | 13,626,942 | 55,780 |
| Fund-raising events expense | | - | 1,332,934 |
| Repair and maintenance | | 3,351,144 | 1,132,069 |
| Utilities | | 3,081,710 | 1,732,962 |
| Travelling, conveyance and vehicle maintenance | 20.1 | 7,947,446 | 1,113,935 |
| Printing, stationery and copying | | 2,115,712 | 1,214,012 |
| Education, training and therapy goods | | 3,660,741 | 457,311 |
| Workshop and consulting fee | | 775,546 | 326,666 |
| Campaign expenses | | - | 2,621,719 |
| Computer charges | | 1,087,152 | 450,970 |
| Insurance | | 348,849 | 283,683 |
| Rent | | - | 55,000 |
| Depreciation on property and equipment | 4.2 | 1,792,625 | 838,540 |
| Refreshment and entertainment | | 2,392,473 | 1,851,761 |
| Depreciation on right of use assets | 5 | 8,457,930 | 1,604,725 |
| Interest on lease liabilities | | 5,232,936 | 619,967 |
| Security | | 238,968 | - |
| Family support | | 2,574,159 | 1,671,285 |
| Healthcare | | 2,120,477 | 1,076,158 |
| Others | | 2,173,783 | 297,178 |
| | | <u>92,305,511</u> | <u>48,434,334</u> |

20.1 Includes travel allowance paid to families to whom services are rendered amounting to Rs. 7,056,167 (2021: Rs. 805,830).

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| | 2022 | 2021 |
|--|-------------------|------------------|
| | -----Rupees----- | |
| 21. ADMINISTRATIVE EXPENSES | | |
| Salaries and allowances | 11,113,785 | 2,469,714 |
| Repair and maintenance | 630,628 | 565,616 |
| Travelling, conveyance and vehicle maintenance | 378,073 | 239,879 |
| Printing, stationery and copying | 301,990 | 1,114,471 |
| Refreshment and entertainment | 52,300 | 1,543,566 |
| Fees and subscription | 1,093,766 | 619,204 |
| Depreciation on property and equipment | 4.2 95,507 | 8,470 |
| Bank charges | 129,820 | 128,363 |
| Website maintenance | 26,737 | 8,931 |
| Communication Charges | 55,651 | 128,816 |
| Utilities | 212,323 | 150,692 |
| Others | 52,164 | 454,999 |
| | <u>14,142,744</u> | <u>7,432,721</u> |

21.1 The auditor's remuneration pertaining to the audit the financial statements for the year ended June 30, 2022 is Nil (2021: Nil), as the audit is carried out on pro bono basis.

22. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

22.1 No remuneration is paid to the directors of the Company.

22.2 Remuneration paid to key management personnel as disclosed in note 23.2, includes managerial remuneration to the Chief Executive Officer and executives amounting to Rs. 5,403,375 (2021: Nil) and Rs. 9,010,000 (2021: 7,215,030) respectively.

22.3 The number of directors who worked for part or whole of the year was 11 (2021: 10).

22.4 The number of executives who worked for part or whole of the year was 5 (2021: 2).

23. TRANSACTIONS WITH RELATED PARTIES

23.1 Related parties comprise associated companies, directors of the Company and key management personnel. Following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year.

| Name of Related Party | Shareholding in the Company | Relationship |
|---|--------------------------------|--------------------------|
| Tecno Pack Industries (Private) Limited | N/A | Common Directorship |
| Resource Linked | N/A | Common Directorship |
| VIS Credit Rating Company Ltd | N/A | Common Directorship |
| Hafiz Tannery | N/A | Common Directorship |
| Samar Naqvi | N/A | Chief Executive Officer |
| Chaudhary Adeel Rasheed | N/A | Director |
| Danish Aman | N/A | Director |
| Rasheeda Faheem | N/A | Director |
| Karim | N/A | Key management personnel |
| Areeba Rahman | N/A | Key management personnel |
| Khadija Zia Jam | N/A | Key management personnel |
| Shayan Zafar | N/A | Key management personnel |
| Zaynab Abeddin | N/A | Key management personnel |
| Adeel Iqbal | N/A | Key management personnel |

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- 23.2 Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

| Nature of relationship | Note | Nature of transaction | 2022 | 2021 |
|---|------|-----------------------|------------------|-----------|
| | | | -----Rupees----- | |
| Key management personnel | 22.2 | - Remuneration | 15,263,375 | 9,856,041 |
| Directors | | - Donation | 646,500 | 1,564,000 |
| Associated companies | | | | |
| Tecno Pack Industries (Private) Limited | | - Donation | 250,000 | 2,000,000 |
| VIS Credit Rating Company Ltd | | - Donation | 350,000 | - |
| VIS Credit Rating Company Ltd | | - Zakat | - | 30,000 |
| Elahi Group of Companies | | - Donation | - | 108,000 |
| Common Directorship | | | | |
| Hafiz Tannery | | - Zakat | 1,550,000 | - |
| Hafiz Tannery | | - Donation | 1,097,750 | - |
| Resource Linked | | - Donation | 250,000 | 100,000 |

- 23.3 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 22.2.

2022 2021
-----Rupees-----

24. FINANCIAL INSTRUMENTS BY CATEGORY

24.1 Financial assets as per statement of financial position

At amortized cost

| | | |
|--------------------------|-------------------|-------------------|
| - Long term deposit | 1,940,000 | 1,870,000 |
| - Short term investments | - | 16,503,041 |
| - Cash and bank balances | 54,984,969 | 41,449,117 |
| - Other receivable | 2,908,370 | - |
| | <u>59,833,339</u> | <u>59,822,158</u> |

24.2 Financial liabilities as per statement of financial position

At amortized cost

| | | |
|----------------------------|-------------------|-------------------|
| - Trade and other payables | 7,350,418 | 3,287,526 |
| - Lease liabilities | 48,161,828 | 40,952,893 |
| | <u>55,512,246</u> | <u>44,240,419</u> |

24.3 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change to the Company's exposure to market risk or the manner in which these risks are managed and measured.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no significant currency risk on assets and obligations therefore, the Company's income and operating cash flows are substantially independent of changes in foreign exchange rates.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company analyses its interest rates exposures on a regular basis by monitoring existing return on investment against prevailing market interest rate and taking into account various other investing options available. As at June 30, 2022, if interest rates had been 1% higher / lower with all other variables held constant, surplus for the year would have been lower / higher by Rs. 198,459 (2021: 149,558).

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2022, the Company has no financial instruments which are exposed to price risk due to any changes in market prices.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

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The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

| | 2022 | 2021 |
|--------------------------|-------------------|-------------------|
| | -----Rupees----- | |
| - Long term deposits | 1,940,000 | 1,870,000 |
| - Bank balances | 54,564,339 | 40,692,917 |
| - Short term investments | - | 16,503,041 |
| | <u>56,504,339</u> | <u>59,065,958</u> |

The carrying values of financial assets which are past due but not impaired are as under:

| | 2022 | 2021 |
|---------------------|------------------|----------|
| | -----Rupees----- | |
| - Other receivables | <u>2,908,370</u> | <u>-</u> |

The credit quality of receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

| Bank | Rating agency | Rating | |
|-----------------------|---------------|------------|-----------|
| | | Short term | Long term |
| Habib Bank Limited | VIS | A-1+ | AAA |
| Bank Al-Habib Limited | PACRA | A-1+ | AAA |

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's liquidity management involves maintaining sufficient cash, projecting cash flows and considering the level of liquid assets necessary to meet these.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows:

| | June 30, 2022 | | | June 30, 2021 | | |
|--------------------------|----------------------|-----------------------|-------------------|----------------------|-----------------------|-------------------|
| | Maturity upto 1 year | Maturity after 1 year | Total | Maturity upto 1 year | Maturity after 1 year | Total |
| | -----Rupees----- | | | | | |
| Trade and other payables | 7,350,418 | - | 7,350,418 | 3,287,526 | - | 3,287,526 |
| Lease liabilities | 8,533,552 | 59,248,654 | 67,782,206 | 6,719,140 | 54,499,950 | 61,219,090 |
| | <u>15,883,970</u> | <u>59,248,654</u> | <u>75,132,624</u> | <u>10,006,666</u> | <u>54,499,950</u> | <u>64,506,616</u> |

26. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern. The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions.

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| | 2022 | 2021 |
|---|------------------|-----------|
| | -----Rupees----- | |
| 27. NUMBER OF EMPLOYEES | | |
| Number of employees as at June 30 | <u>73</u> | <u>50</u> |
| Average number of employees during the year | <u>61</u> | <u>49</u> |

28. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison and better presentation, the effects of which are not material.

29. ROUNDING OFF

Figures have been rounded off to the nearest thousand Pakistan Rupees unless otherwise stated.

30. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 06 DEC 2022 by the Board of Directors of the Company.

MSB

Sanaul
Chief Executive Officer

Nasir Faiz
Director