

**KARACHI DOWN SYNDROME PROGRAM**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**





## 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, 2024, 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 material accounting policy information 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, 2024 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 obtained at the date of this auditor's report is 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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: October 7, 2024**


**UDIN: AR202410080LefaJxy5G**

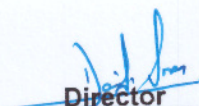


**KARACHI DOWN SYNDROME PROGRAM  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2024**

	Note	2024	2023
		-----Rupees-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	64,791,508	49,219,940
Right-of-use assets	5	68,299,084	72,116,778
Intangible assets	6	1,549,549	-
Long term deposits	7	3,930,000	2,730,000
		<u>138,570,141</u>	<u>124,066,718</u>
<b>Current assets</b>			
Advances and prepayments	8	1,126,461	908,168
Other receivables	9	6,059,143	4,350,896
Short term investments	10	72,735,708	31,071,722
Cash and bank balances	11	93,712,305	58,514,484
		<u>173,633,617</u>	<u>94,845,270</u>
<b>TOTAL ASSETS</b>		<u><u>312,203,758</u></u>	<u><u>218,911,988</u></u>
<b>FUND AND LIABILITIES</b>			
<b>Fund</b>			
General fund	12	600,000	600,000
Revenue reserve - accumulated surplus		<u>81,018,839</u>	<u>65,127,595</u>
		<u>81,618,839</u>	<u>65,727,595</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income	13	102,796,706	63,572,999
Deferred capital grant	14	34,703,737	-
Lease liabilities	15	75,407,297	81,708,378
		<u>212,907,740</u>	<u>145,281,377</u>
<b>Current liabilities</b>			
Current portion of lease liabilities	15	15,155,160	5,686,385
Trade and other payables	16	2,522,019	2,216,631
		<u>17,677,179</u>	<u>7,903,016</u>
<b>Contingencies and commitments</b>	17		
<b>TOTAL FUND AND LIABILITIES</b>		<u><u>312,203,758</u></u>	<u><u>218,911,988</u></u>

The annexed notes 1 to 34 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, 2024**

	Note	2024	2023
-----Rupees-----			
<b>Income</b>			
Donations		105,790,388	66,622,210
Donate A-Thon		-	9,899,821
Deferred income utilized	13	78,561,639	50,607,873
Deferred capital grant released	14	813,084	-
Income from KDSP Golf event	18	12,328,253	7,484,001
Income from KDSP Carnival	19	18,705,580	14,375,833
Income from KDSP Concert	20	-	8,854,000
Therapy income	21	7,072,135	3,863,126
Education and training	22	2,827,500	3,808,589
Handicrafts and merchandise		1,030,760	419,500
Program and events income		1,961,155	1,551,197
Other income	23	6,584,711	3,351,956
		235,675,205	170,838,106
<b>Expenditure</b>			
Cost of operations	24	200,654,321	148,802,026
Administrative expenses	25	19,129,640	12,413,832
		219,783,961	161,215,858
Surplus for the year		15,891,244	9,622,248

The annexed notes 1 to 34 form an integral part of these financial statements.





**Chief Executive Officer**

  
**Director**



**KARACHI DOWN SYNDROME PROGRAM  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023
	-----Rupees-----	
Surplus for the year	15,891,244	9,622,248
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>15,891,244</u>	<u>9,622,248</u>

The annexed notes 1 to 34 form an integral part of these financial statements.





**Chief Executive Officer**

  
**Director**



**KARACHI DOWN SYNDROME PROGRAM  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2024**

	General fund	Revenue reserve - Accumulated surplus	Total
	-----Rupees-----		
<b>Balance as at July 1, 2022</b>	600,000	55,505,347	56,105,347
Total comprehensive income for the year	-	9,622,248	9,622,248
<b>Balance as at June 30, 2023</b>	<u>600,000</u>	<u>65,127,595</u>	<u>65,727,595</u>
Total comprehensive income for the year	-	15,891,244	15,891,244
<b>Balance as at June 30, 2024</b>	<u><u>600,000</u></u>	<u><u>81,018,839</u></u>	<u><u>81,618,839</u></u>

The annexed notes 1 to 34 form an integral part of these financial statements.

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**Chief Executive Officer**

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**Director**



**KARACHI DOWN SYNDROME PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		15,891,244	9,622,248
Adjustment for non-cash items:			
- Depreciation on property and equipment	4.2	13,244,917	8,311,169
- Depreciation on right-of-use assets	5.2	15,807,174	12,346,325
- Amortization of intangible assets	6	32,951	-
- Profit on savings bank account	23	(4,617,529)	(2,866,511)
- Interest on short term investments	23	(100,000)	(485,445)
- Deferred income utilized	13	(78,561,639)	(50,607,873)
- Interest on lease liability	15	14,119,464	11,842,169
- Other receivables written off	9.2	-	56,000
- Deferred capital grant released	14	(813,084)	-
- Write-off of property and equipment	24	360,204	-
- Gain on disposal of property and equipment	23	(1,867,182)	-
- Bank charges	25	86,097	99,052
		<u>(26,417,383)</u>	<u>(11,682,866)</u>
<b>Working capital changes:</b>			
(Increase) / Decrease in current assets:			
- Advances and prepayments		(218,293)	(194,688)
- Other receivables		(1,708,247)	527,359
		<u>(1,926,540)</u>	<u>332,671</u>
(Decrease) / Increase in current liabilities:			
- Trade and other payables		305,388	(5,569,697)
		<u>(1,621,152)</u>	<u>(5,237,026)</u>
Restricted donations received	13	111,556,958	83,551,366
Cash generated from operations		83,518,423	66,631,474
Increase in long term deposits		(1,200,000)	(790,000)
Net cash generated from operating activities		<u>82,318,423</u>	<u>65,841,474</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments - net		-	10,000,000
Proceeds from sale of property and equipment		3,250,000	-
Purchases of short term investments		(41,663,986)	(41,071,722)
Profit received on savings bank account		9,698,753	2,866,511
Dividends on mutual funds received		6,663,985	-
Profit received on short term investments		100,000	485,445
Payment for acquisition of right of use asset		(1,200,000)	(2,017,500)
Capital expenditure incurred		(32,142,007)	(17,743,572)
Net cash utilized in investing activities		<u>(55,293,255)</u>	<u>(47,480,838)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rentals paid	15	(21,741,250)	(13,486,730)
Payment on lease settlement / termination		-	(1,245,339)
Deferred capital grant received		30,000,000	-
Bank charges paid		(86,097)	(99,052)
Net cash generated from / (utilized) in financing activities		<u>8,172,653</u>	<u>(14,831,121)</u>
Net cash and cash equivalents generated during the year		35,197,821	3,529,515
Cash and cash equivalents at beginning of the year		58,514,484	54,984,969
Cash and cash equivalents at end of the year	11	<u>93,712,305</u>	<u>58,514,484</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

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Chief Executive Officer

  
Director



**KARACHI DOWN SYNDROME PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**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 units include the following:

<b>Business Unit</b>	<b>Geographical Location</b>
Head / Registered Office	House No. 41-E/1, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, Pakistan.
Development Centre	House No. 40/J-A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, Pakistan.
Islamabad Chapter	Plot No. 2H, Street 26, Bazar No-1, Class III Market, G-9/1, Islamabad 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. BASIS OF PREPARATION**

**2.1 Basis of measurement**

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 published approved accounting and reporting standards adopted by the company**

There are certain amendments and improvements to approved accounting and reporting standards that are applicable to the company for the financial year beginning on July 1, 2023; however these are considered not to have any material impact on the Company's financial and operations, and therefore have not been presented in these financial statements, except for the following:

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## **Amendments to IAS 1 "Presentation of financial statements" (IAS 1) and IFRS Practice Statement 2:**

This amendment aims to help entities in providing accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their significant accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about the accounting policy disclosures. The amendment has had an impact on the Company's disclosure of accounting policies, but not on the measurement, recognition or presentation of any item in these financial statements.

### **2.3.2 Standards, interpretation and amendments to published approved accounting and reporting standards that are not yet effective**

There are standards and certain amendments or improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 1, 2023. These are not expected to have any material impact on the Company's financial reporting and operations and therefore, have not been disclosed in these financial statements.

### **2.4 Material accounting policy information**

The material 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.

#### **2.4.1 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 and 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 expenditure statement.

#### **2.4.2 Intangible assets**

An Intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can also be measured reliably. Intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

Generally, costs associated with maintaining computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognized as an intangible asset

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Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life recognized as a capital improvement and added to the original cost of the software.

Computer software cost treated as intangible asset is amortized from the date the software is put to use on straight-line basis over a period of 5 years.

#### 2.4.3 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.

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.

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.

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## 2.4.4 Financial assets

### 2.4.4.1 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 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 income and expenditure statement.

#### (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.

#### (c) At fair value through profit or loss

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

### 2.4.4.2 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, 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.

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.

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#### 2.4.4.3 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.

#### 2.4.5 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.

#### 2.4.6 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.

#### 2.4.7 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.

#### 2.4.8 Deferred income

Restricted donations, grants and zakat by donors are initially recognized as deferred income on receipt. Subsequently, they are recorded in the income and expenditure statement based on predetermined rates less subsidy where available, and based on actual costs for other expenditures.

#### 2.4.9 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.

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#### 2.4.10 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.

#### 2.4.11 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.

#### 2.4.12 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.

#### 2.4.13 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 mutual funds 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 term deposit receipts are recognized on accrual basis;
- Income on bank deposits is recognized on accrual basis; and
- Income in respect of restricted donations and grants are initially recognized as deferred income on receipt. Subsequently, they are recorded in the income and expenditure statement based on predetermined rates less subsidy where available, and based on actual costs for other expenditures.

#### 2.4.14 Deferred capital grant

Grants restricted for capital expenditure and donations in kind are recognized as deferred capital grant at fair value when received. Any income on investments made from aforementioned restricted contributions is also accounted for on deferral method.





#### 2.4.15 Expenses

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

#### 2.4.16 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:

#### 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.

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#### 4. PROPERTY AND EQUIPMENT

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

	Lease hold improvements	Furniture and fixtures	Office equipment	Vehicles	Total
-----Rupees-----					
<b>As at July 1, 2022</b>					
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	<u>25,147,953</u>	<u>3,089,785</u>	<u>8,535,322</u>	<u>1,350,265</u>	<u>38,123,325</u>
<b>Year ended June 30, 2023</b>					
Opening net book value	25,147,953	3,089,785	8,535,322	1,350,265	38,123,325
Additions	9,827,875	1,462,923	6,452,774	1,664,212	19,407,784
Depreciation charge - note 4.2	(4,805,299)	(455,523)	(2,753,324)	(297,023)	(8,311,169)
Closing net book value	<u>30,170,529</u>	<u>4,097,185</u>	<u>12,234,772</u>	<u>2,717,454</u>	<u>49,219,940</u>
<b>As at June 30, 2023</b>					
Cost	35,670,119	5,188,571	18,483,901	3,096,712	62,439,303
Accumulated depreciation	(5,499,590)	(1,091,386)	(6,249,129)	(379,258)	(13,219,363)
Net book value	<u>30,170,529</u>	<u>4,097,185</u>	<u>12,234,772</u>	<u>2,717,454</u>	<u>49,219,940</u>
<b>Year ended June 30, 2024</b>					
Opening net book value	30,170,529	4,097,185	12,234,772	2,717,454	49,219,940
Additions	7,469,612	3,892,040	15,227,855	3,970,000	30,559,507
Disposals					
Cost	-	-	-	(1,664,212)	(1,664,212)
Accumulated depreciation	-	-	-	281,394	281,394
	-	-	-	(1,382,818)	(1,382,818)
Write-offs					
Cost	-	(402,343)	(1,331,727)	-	(1,734,070)
Accumulated depreciation	-	321,528	1,052,338	-	1,373,866
	-	(80,815)	(279,389)	-	(360,204)
Depreciation charge - note 4.2	(7,133,506)	(779,042)	(4,547,536)	(784,833)	(13,244,917)
Closing net book value	<u>30,506,635</u>	<u>7,129,368</u>	<u>22,635,702</u>	<u>4,519,803</u>	<u>64,791,508</u>
<b>As at June 30, 2024</b>					
Cost	43,139,731	8,678,268	32,380,029	5,402,500	89,600,528
Accumulated depreciation	(12,633,096)	(1,548,900)	(9,744,327)	(882,697)	(24,809,020)
Net book value	<u>30,506,635</u>	<u>7,129,368</u>	<u>22,635,702</u>	<u>4,519,803</u>	<u>64,791,508</u>
Annual rate of depreciation (%)	<u>16%-57%</u>	<u>10%</u>	<u>20%</u>	<u>20%</u>	

	Note	2024	2023
-----Rupees-----			
4.2 Depreciation charge for the year has been allocated as follows:			
Cost of operations	24	11,787,976	7,455,356
Administrative expenses	25	1,456,941	855,813
		<u>13,244,917</u>	<u>8,311,169</u>

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## 5. RIGHT-OF-USE ASSETS

	Properties	Vehicle Rupees	Total
<b>Year ended June 30, 2023</b>			
<b>Net carrying value</b>			
Opening net book value	39,894,158	2,092,822	41,986,980
Additions	44,124,571	-	44,124,571
Lease settlement/ termination Cost	-	(2,297,000)	(2,297,000)
Accumulated depreciation	-	648,552	648,552
	-	(1,648,448)	(1,648,448)
Depreciation	(11,901,951)	(444,374)	(12,346,325)
Closing net book value	<u>72,116,778</u>	<u>-</u>	<u>72,116,778</u>
<b>Gross carrying value</b>			
Cost	95,481,931	-	95,481,931
Accumulated depreciation	(23,365,153)	-	(23,365,153)
Net book value	<u>72,116,778</u>	<u>-</u>	<u>72,116,778</u>
<b>Year ended June 30, 2024</b>			
<b>Net carrying value</b>			
Opening net book value	72,116,778	-	72,116,778
Additions (note 5.1)	11,989,480	-	11,989,480
Writeoffs Cost	4,814,176	-	4,814,176
Accumulated depreciation	(4,814,176)	-	(4,814,176)
	-	-	-
Depreciation	(15,807,174)	-	(15,807,174)
Closing net book value	<u>68,299,084</u>	<u>-</u>	<u>68,299,084</u>
<b>Gross carrying value</b>			
Cost	102,657,235	-	107,471,411
Accumulated depreciation	(34,358,151)	-	(39,172,327)
Net book value	<u>68,299,084</u>	<u>-</u>	<u>68,299,084</u>
Annual rate of depreciation (%)	<u>14.29% - 57%</u>	<u>20%</u>	

5.1 This represents right-of-use asset recognized in relation to the building acquired on rental basis for Islamabad Chapter.

Note	2024	2023
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5.2 Depreciation charge for the year has been allocated as follows:

Cost of operations	24	14,068,385	11,742,239
Administrative expenses	25	1,738,789	604,086
		<u>15,807,174</u>	<u>12,346,325</u>

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5.3 The Company has recognized right-of-use asset in relation to the Company's offices as disclosed in note 1.

		2024	2023
	Note	-----Rupees-----	
<b>6. INTANGIBLE ASSETS</b>			
<b>- Computer software</b>			
<b>Net carrying value</b>			
Balance at beginning of the year		-	-
Add: Additions		1,582,500	-
Less: Amortization charge	23	(32,951)	-
Balance at end of the year		<u>1,549,549</u>	<u>-</u>
<b>Gross carrying value</b>			
Cost		1,582,500	-
Accumulated amortization		(32,951)	-
Balance at end of the year		<u>1,549,549</u>	<u>-</u>

6.1 The cost is being amortized over a period of 5 years.

## 7. LONG TERM DEPOSITS

Security deposits	7.1	<u>3,930,000</u>	<u>2,730,000</u>
7.1 This includes security deposits given against leased premises.			

		2024	2023
	Note	-----Rupees-----	

## 8. ADVANCES AND PREPAYMENTS

### Advances - Considered good (unsecured)

- Advance to supplier		702,744	697,850
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### Prepayments

- Insurance		299,417	181,943
- Generator maintenance		124,300	-
- Website fee		-	28,375
		<u>423,717</u>	<u>210,318</u>
		<u>1,126,461</u>	<u>908,168</u>

## 9. OTHER RECEIVABLES

Sponsorship receivable	9.1	-	550,000
Less: provision for impairment	9.2	-	-
		-	550,000
Income tax recoverable	9.3	5,562,996	3,515,841
Others		496,147	285,055
		<u>6,059,143</u>	<u>4,350,896</u>

9.1 This includes sponsorship receivables in respect of KDSP Carnival amounting to Nil (2023: Rs. 550,000).

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	2024	2023
	-----Rupees-----	
9.2 <b>The movement in provision during the year is as follows:</b>		
Provision at beginning of the year	-	1,800,000
Amount written off	-	(56,000)
Reversed during the year on account of recoveries	-	(1,744,000)
Provision at the end of the year	<u>-</u>	<u>-</u>

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

		2024	2023
	Note	-----Rupees-----	
10. <b>SHORT TERM INVESTMENTS</b>			
- <b>At fair value through profit or loss</b>			
- Investment in units of mutual fund	10.1	62,735,708	31,071,722
- <b>At amortized cost</b>			
- Term Deposit Receipt	10.2	10,000,000	-
		<u>72,735,708</u>	<u>31,071,722</u>

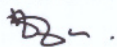
10.1 This represents investment of Zakat funds in 1,254,714 units (2023: 621,434 units) of mutual fund having cost amounting to Rs. 62,735,708 (2023: Rs. 31,071,722).

10.2 This represents investment in Term Deposit Receipt maturing on June 09, 2025 at a fixed rate of 18.25% (2023: Nil).

		2024	2023
	Note	-----Rupees-----	
11. <b>CASH AND BANK BALANCES</b>			
Balances with banks in:			
- Savings accounts	11.1 & 11.2	80,563,830	56,863,635
- Current accounts		13,118,246	1,597,794
		<u>93,682,076</u>	<u>58,461,429</u>
Cash in hand		30,229	53,055
		<u>93,712,305</u>	<u>58,514,484</u>

11.1 These carry profit at rates ranging from 11.01% to 20.50% (2023: 6.50% to 19.50%) per annum.

11.2 Saving accounts balance also includes Rs. 52,741,489 (2023: Rs. 29,091,582) in respect of zakat out of which Rs. 18,022,534 (2023: Rs. 8,656,438) has been utilized as at June 30, 2024 for programs and will be transferred to operational account after approval of Zakat Committee.





## 12. GENERAL FUND

This represents start-up donation of Rs. 600,000 (2023: Rs. 600,000) 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.

## 13. DEFERRED INCOME

	2024						Total
	Enrichment program (Note 13.1)	Zakat fund (Note 13.4)	Health care (Note 13.5)	Early childhood intervention (Note 13.2)	Education and training (Note 13.3)	Others (Note 13.6)	
	Rupees						
Balance at the beginning of the year	3,108,391	59,864,608	-	-	-	600,000	63,572,999
Funds / Donations received during the year	7,956,300	75,660,273	169,000	1,335,385	1,386,000	50,000	86,556,958
Grant from government of Sindh	-	-	-	25,000,000	-	-	25,000,000
Profit on short term investments	-	6,663,985	-	-	-	-	6,663,985
Profit on bank deposits	525,281	4,361,816	11,158	88,163	91,505	3,301	5,081,224
	8,481,581	86,686,074	180,158	26,423,548	1,477,505	53,301	123,302,167
Funds utilized during the year	(7,565,013)	(42,456,241)	(169,000)	(26,335,385)	(1,386,000)	(650,000)	(78,561,639)
Funds transferred to deferred capital grant during the year	-	(5,516,821)	-	-	-	-	(5,516,821)
Balance at the end of the year	4,024,959	98,577,620	11,158	88,163	91,505	3,301	102,796,706
	2023						Total
	Enrichment program	Zakat fund	Health care	Early childhood intervention	Education and training	Others	
	Rupees						
Balance at the beginning of the year	-	30,629,506	-	-	-	-	30,629,506
Funds / Donations received during the year	6,351,600	63,845,034	1,030,000	6,160,000	1,635,704	600,000	79,622,338
Profit on short term investments	-	1,304,934	-	-	-	-	1,304,934
Profit on bank deposits	-	2,624,094	-	-	-	-	2,624,094
	6,351,600	67,774,062	1,030,000	6,160,000	1,635,704	600,000	83,551,366
Funds utilized during the year	(3,243,209)	(38,538,960)	(1,030,000)	(6,160,000)	(1,635,704)	-	(50,607,873)
Balance at the end of the year	3,108,391	59,864,608	-	-	-	600,000	63,572,999

- 13.1 The utilization of Enrichment program fund is in respect of various recreational program costs which include painting, art and craft materials, instructors fee and making of a Training Kitchen at KDSP Learning Center amounting to Rs. 7,565,013 (2023: Rs. 3,243,209).
- 13.2 The utilization of Early Childhood Intervention Program fund is in respect of subsidy amounting to Rs. 26,335,385 (2023: Rs. 6,160,000). This includes grant received and utilized by the Company from Government of Sindh amounting to Rs. 25,000,000.
- 13.3 The utilization of Education and Training fund is in respect of education, training and therapy goods amounting to Rs. 1,386,000 (2023: Rs. 1,635,704).
- 13.4 Zakat funds are restricted for expenditure for the benefit of down syndrome individuals who are entitled to receive Zakat benefit under the Islamic shariah.
- 13.5 The utilization of Healthcare is in respect of medical facilities provided to individuals with down syndrome in partner hospitals. These include medical surgeries, consultant clinics and blood tests amounting to Rs. 169,000 (2023: Rs. 1,030,000).

ADD



- 13.6 This includes utilization of funds received for Islamabad Chapter amounting to Rs. 600,000. Further, this also includes receipt and utilization of funds received for awareness amounting to Rs. 50,000.

		2024	2023
	Note	-----Rupees-----	
<b>14. DEFERRED CAPITAL GRANT</b>			
Movement in the balance is also follows			
Balance at the beginning of the year		-	-
Add: Grant received	14.1	30,000,000	-
Add: Grant transferred from deferred income		5,516,821	
Less: Grant released		(813,084)	-
Balance at the end of the year		<u>34,703,737</u>	<u>-</u>

- 14.1 This amount pertains to donations received from English Biscuits Manufacturers of Rs. 25,000,000 and Faysal Bank Limited of Rs. 5,000,000. These funds are restricted for the purchase of KDSP Learning Centre (KLC) building as decided by the Board of Directors.

		2024	2023
	Note	-----Rupees-----	
<b>15. LEASE LIABILITIES</b>			
Opening balance		87,394,763	48,161,828
Additions during the year		10,789,480	42,107,071
Impact of lease settlement / termination		-	(1,229,575)
Interest charged during the year		14,119,464	11,842,169
Lease rentals paid		(21,741,250)	(13,486,730)
Closing balance		<u>90,562,457</u>	<u>87,394,763</u>
Less: Current portion of lease liability		(15,155,160)	(5,686,385)
		<u>75,407,297</u>	<u>81,708,378</u>

<b>16. TRADE AND OTHER PAYABLES</b>			
Creditors		1,935,969	1,768,481
Accrued and other liabilities		200,000	-
Security deposit payable	16.1	108,000	162,500
Others		278,050	285,650
		<u>2,522,019</u>	<u>2,216,631</u>

- 16.1 Includes security deposit received from the children of Early Pre-School Experience Program (EPEP) amounting to Nil (2023: Rs. 81,500) in accordance with the terms of admission, refundable at the time of leaving the school. This also includes security deposit of Rs. 108,000 (2023: Rs. 81,000) 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.

#### 17. CONTINGENCIES AND COMMITMENTS

- 17.1 There are no contingencies involving the Company as at June 30, 2024 and June 30, 2023.
- 17.2 Commitments in respect of capital expenditure amounting to Nil (2023: Rs. 1,600,000).

*17/2*



		2024	2023
		-----Rupees-----	
<b>18.</b>	<b>INCOME FROM KDSP GOLF EVENT</b>		
	Sponsorship fees for golf event	9,328,253	3,884,001
	Team registrations	3,000,000	3,600,000
		<u>12,328,253</u>	<u>7,484,001</u>
<b>19.</b>	<b>INCOME FROM KDSP CARNIVAL</b>		
	Sponsorship fees for carnival	16,496,580	12,251,583
	Sale of entry tickets	965,500	1,164,500
	Others	19.1 1,243,500	959,750
		<u>18,705,580</u>	<u>14,375,833</u>
19.1	This represents income from various stalls placed at the carnival for arts and craft, food, indoor games and other recreational activities.		
		2024	2023
		-----Rupees-----	
<b>20.</b>	<b>INCOME FROM KDSP CONCERT</b>		
	Sponsorship fees for concert	-	4,900,000
	Sale of entry tickets	-	3,870,000
	Others	-	84,000
		<u>-</u>	<u>8,854,000</u>
<b>21.</b>	<b>THERAPY INCOME</b>		
	This is net of subsidy amounting to Rs. 10,993,120 (2023: Rs. 9,947,919).		
<b>22.</b>	<b>EDUCATION AND TRAINING</b>		
	This is net of subsidy amounting to Rs. 12,266,000 (2023: Rs. 3,867,350).		
<b>23.</b>	<b>OTHER INCOME</b>	2024	2023
		-----Rupees-----	
	<b>Income from financial assets</b>		
	Profit on bank deposits	4,617,529	2,866,511
	Profit on term deposit receipt	100,000	485,445
		<u>4,717,529</u>	<u>3,351,956</u>
	<b>Income from non-financial assets</b>		
	Gain on disposal of property and equipment	1,867,182	-
		<u>6,584,711</u>	<u>3,351,956</u>





		2024	2023
		-----Rupees-----	
<b>24.</b>	<b>COST OF OPERATIONS</b>		
	Salaries and allowances	81,641,496	52,876,930
	KDSP carnival and other events	20,713,813	23,685,778
	Repair and maintenance	4,784,158	2,367,361
	Utilities	6,743,770	4,056,498
	Travelling, accommodation and vehicle maintenance	24.1 12,242,750	8,518,221
	Printing and stationery	2,787,117	1,260,810
	Education, training and therapy goods	12,765,677	7,870,531
	Workshop and consulting fee	2,010,315	2,164,572
	Software and website maintenance	70,727	492,336
	Fees and subscription	4,702,635	1,786,207
	Insurance	768,123	631,722
	Rent	-	585,240
	Depreciation on property and equipment	4.2 11,787,976	7,455,356
	Refreshment, entertainment and office supplies	7,550,023	5,219,204
	Depreciation on right of use assets	5.2 14,068,385	11,742,239
	Amortization on intangible assets	32,951	-
	Interest on lease liabilities	12,566,323	11,056,414
	Security	1,364,335	809,492
	Family support	-	2,635,000
	Healthcare	3,693,543	3,324,081
	Write-off of property and equipment	4.1 360,204	-
	Others	-	264,034
		<u>200,654,321</u>	<u>148,802,026</u>

24.1 Includes travel allowance paid to families to whom services are rendered amounting to Rs. 6,968,958 (2023: Rs. 7,207,772).

		2024	2023
		-----Rupees-----	
<b>25.</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries and allowances	10,090,522	6,871,013
	Repair and maintenance	591,300	307,624
	Travelling, conveyance and vehicle maintenance	153,730	203,160
	Printing and stationery	617,633	552,976
	Refreshment, entertainment and office supplies	1,129,709	680,625
	Fees and subscription	579,635	501,299
	Depreciation on property and equipment	4.2 1,456,941	855,813
	Bank charges	86,097	99,052
	Rent	-	76,048
	Security	168,626	105,188
	Utilities	833,500	527,254
	Software and website maintenance	8,741	151,851
	Insurance	94,937	82,088
	Depreciation on right of use assets	5.2 1,738,789	604,086
	Interest on lease liabilities	1,553,141	785,755
	Others	26,339	10,000
		<u>19,129,640</u>	<u>12,413,832</u>

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- 25.1 The auditor's remuneration pertaining to the audit the financial statements for the year ended June 30, 2024 is Nil (2023: Nil), as the audit is carried out on pro bono basis.

## 26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- 26.1 No remuneration is paid to the directors of the Company.
- 26.2 Managerial remuneration paid to Chief Executive Officer and executives amounts to Rs. 8,889,917 (2023: Rs. 6,183,710) and Rs. 18,279,090 (2023: Rs.11,446,343) respectively.
- 26.3 The Chief Executive Officer is provided with free use of Company maintained car in accordance with the prescribed limits.
- 26.4 The number of directors who worked for part or whole of the year was 13 (2023: 11).
- 26.5 The number of executives who worked for part or whole of the year was 6 (2023: 5).

## 27. TRANSACTIONS WITH RELATED PARTIES

- 27.1 Related parties comprise associated companies, directors of the Company, companies with common directorship 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
VIS Credit Rating Company Ltd	N/A	Common Directorship
Hafiz Tannery	N/A	Common Directorship
Resource Linked	N/A	Common Directorship
SnappRetail	N/A	Common Directorship
Tabish Shahzad	N/A	Chief Executive Officer
Chaudhary Adeel Rasheed	N/A	Director
Farzeen Ali	N/A	Director
Syed Fawad Ahmed	N/A	Director
Danish Aman	N/A	Director
Hamidah Mohammad Wali	N/A	Director
Dr. Salman Kirmani	N/A	Director
Aref Cheval	N/A	Director
Ali Ahmed Allawala	N/A	Director
Muzaffar Ali Shah Bukhari	N/A	Director
Nasira Faiz	N/A	Director
Salman Naveed Khan	N/A	Director
Ammar Ather Saeed	N/A	Key management personnel
Tayyaba Khan	N/A	Key management personnel
Karim Navroz Ali	N/A	Key management personnel
Maha Rauf	N/A	Key management personnel
Saba Mumtaz	N/A	Key management personnel
Haya Yawar Awan	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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27.2 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	Nature of transaction	2024	2023
		-----Rupees-----	
Key mangement personnel	- Remuneration	27,169,007	20,602,306
	- Donation	1,000	-
	- Zakat	500,000	-
Directors	- Donation	174,525	1,237,000
	- Zakat	575,236	895,000
	- Membership Fees	100,000	175,000
Common Directorship			
Tecno Pack Industries (Private) Limited	- Donation	1,000,000	454,000
VIS Credit Rating Company Ltd	- Zakat	375,000	367,500
Hafiz Tannery	- Zakat	-	2,000,000
Hafiz Tannery	- Donation	-	550,000
Resource Linked	- Donation	-	100,000
SnappRetail	- Donation	-	150,000
		<b>2024</b>	<b>2023</b>
		-----Rupees-----	

## 28. FINANCIAL INSTRUMENTS BY CATEGORY

### 28.1 Financial assets as per statement of financial position

#### At amortized cost

- Long term deposit	3,930,000	2,730,000
- Cash and bank balances	93,712,305	58,514,484
- Other receivable	496,147	835,055
- Investment in term deposit receipt	10,000,000	-
	<u>108,138,452</u>	<u>62,079,539</u>

#### At fair value through profit or loss

- Investments in mutual funds	62,735,708	31,071,722
	<u>170,874,160</u>	<u>93,151,261</u>

### 28.2 Financial liabilities as per statement of financial position

#### At amortized cost

- Trade and other payables	2,522,019	2,216,631
- Lease liabilities	90,562,457	87,394,763
	<u>93,084,476</u>	<u>89,611,394</u>

## 29. 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.

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**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 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, 2024, if interest rates had been 1% higher / lower with all other variables held constant, surplus for the year would have been higher / lower by Rs. 805,638 (2023: Rs. 568,636).

**iii) Other price risk**

Other price risk represents the risk that the fair value of future cash flows of financial instruments 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 instruments or its issuers or factors affecting all similar investments in financial instruments traded in the market. The Company is exposed to price risk on its mutual funds.

As at June 30, 2024, if net asset value had been 1% higher / lower with all other variables held constant, surplus for the year would have been higher / lower by Rs. 627,357 (2023: Rs. 310,717)

**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 receivables, 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. The Company considers event of default if amount is not recovered within contractual terms.

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:

	2024	2023
	-----Rupees-----	
- Long term deposits	3,930,000	2,730,000
- Bank balances	93,682,076	58,461,429
- Short term investments	72,735,708	31,071,722
	<u>170,347,784</u>	<u>92,263,151</u>

128 -



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

	2024	2023
	-----Rupees-----	
- Other receivables	<u>496,147</u>	<u>835,055</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
Meezan Bank Limited	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Telenor Microfinance bank	PACRA	A1	A
Sindh Bank Limited	VIS	A-1+	AA-

### 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, 2024			June 30, 2023		
	Maturity upto 1 year	Maturity after 1 year	Total	Maturity upto 1 year	Maturity after 1 year	Total
	-----Rupees-----					
Trade and other payables	2,522,019	-	2,522,019	2,216,631	-	2,216,631
Lease liabilities	28,036,438	100,364,868	128,401,306	18,141,250	108,398,418	126,539,668
	<u>30,558,457</u>	<u>100,364,868</u>	<u>130,923,325</u>	<u>20,357,881</u>	<u>108,398,418</u>	<u>128,756,299</u>

## 30. 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.

## 31. FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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As at June 30, 2024, all financial assets and financial liabilities, except for investment in units of mutual funds, are carried at amortized cost. Investment in mutual funds is measured at fair value using the fair value measurement method in accordance with IFRS 13 - Fair Value Measurement.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

The table below analyses financial instruments carried at fair value by valuation method.

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<b>As at June 30, 2024</b>				
Fair value through profit or loss	-	62,735,708	-	62,735,708
<b>As at June 30, 2023</b>				
Fair value through profit or loss	-	31,071,722	-	31,071,722

Level 2 fair value have been determined using Net Asset Values. There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

	2024	2023
	----- Rupees -----	
<b>32. NUMBER OF EMPLOYEES</b>		
Number of employees as at June 30	104	89
Average number of employees during the year	99	81

**33. ROUNDING OFF**

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

**34. DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 10<sup>th</sup> OCT 2024 by the Board of Directors of the Company.

*[Signature]*

*[Signature]*  
Chief Executive Officer

*[Signature]*  
Director