

**CHARITY RIGHT WELFARE ASSOCIATION
PAKISTAN**

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

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





INDEPENDENT AUDITOR REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of Charity Right Welfare Association Pakistan, which comprise the statement of financial position as at June 30, 2022, and the statement of income and expenditure and other comprehensive income, the statement of accumulated fund, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2022, its financial performance and its cash flows for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the 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 Association 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Trustees determine 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, Trustees are responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association'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 Association 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 those charged with governance 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.

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: November 10, 2022

UDIN: AR202210133RA1NXyKd

CHARITY RIGHT WELFARE ASSOCIATION PAKISTAN

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Non - current assets			
Operating fixed assets	3	7,620,365	8,327,305
Investment	4	25,230,222	-
Long term deposits	5	54,000	52,000
		<u>32,904,587</u>	<u>8,379,305</u>
Current assets			
Advances and prepayments	6	4,081,319	862,894
Inventories	7	13,570,586	4,962,349
Other receivable	8	3,532,146	-
Cash and bank balances	9	33,208,814	43,559,728
		<u>54,392,865</u>	<u>49,384,971</u>
Total assets		<u>87,297,452</u>	<u>57,764,276</u>
Less: Non-current liabilities			
Deferred capital income	10	3,645,035	4,933,849
		<u>3,645,035</u>	<u>4,933,849</u>
Less: Current liabilities			
Trade and other payables	11	4,553,020	3,467,508
Current portion of deferred capital income	10	1,288,814	1,288,814
Deferred donation income	12	3,240,865	4,274,189
		<u>9,082,699</u>	<u>9,030,511</u>
Total liabilities		<u>12,727,734</u>	<u>13,964,360</u>
NET ASSETS		<u>74,569,718</u>	<u>43,799,916</u>
REPRESENTED BY:			
Accumulated fund			
Restricted funds:			
School feeding program fund		-	-
Endowment fund	13	36,000,000	25,000,000
		<u>36,000,000</u>	<u>-</u>
Un-restricted fund		38,569,718	18,799,916
		<u>74,569,718</u>	<u>43,799,916</u>

The annexed notes 1 to 23 form an integral part of these financial statements.



President



Trustee

CHARITY RIGHT WELFARE ASSOCIATION PAKISTAN

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Income			
Shop sales	14	22,006,672	6,636,856
Sales of Right Pay cards		20,366,602	-
Donation for school feeding program - restricted		52,980,881	14,620,261
Zakat and sadaqa - unrestricted		52,501,305	49,819,182
Investment income from mutual funds		2,269,664	-
		<u>150,125,124</u>	<u>71,076,299</u>
Expenses			
Cost of sales	15	(87,577,264)	(10,227,169)
Cost of services	16	(32,699,957)	(35,252,101)
Selling and distribution		(1,275,380)	(97,415)
General and administrative	17	(8,802,722)	(6,786,183)
		<u>(130,355,323)</u>	<u>(52,362,868)</u>
Surplus for the year		<u><u>19,769,801</u></u>	<u><u>18,713,431</u></u>

There are no items of other comprehensive income for the year.

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President



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CHARITY RIGHT WELFARE ASSOCIATION PAKISTAN

**STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Restricted Fund Endowment	Un-restricted Fund General	Total
	← Rupee →		
Balance as at July 1, 2020	-	86,485	86,485
Surplus for the year	-	18,713,431	18,713,431
Endowment received during the year	25,000,000	-	25,000,000
Balance as at June 30, 2021	<u>25,000,000</u>	<u>18,799,916</u>	<u>43,799,916</u>
Surplus for the year	-	19,769,801	19,769,801
Endowment received during the year	11,000,000	-	11,000,000
Balance as at June 30, 2022	<u><u>36,000,000</u></u>	<u><u>38,569,718</u></u>	<u><u>74,569,718</u></u>

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President



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CHARITY RIGHT WELFARE ASSOCIATION PAKISTAN

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		19,769,801	18,713,431
Adjustment for non-cash charges and other items:			
Depreciation		1,853,377	681,783
Loss on disposal / write offs		558,392	84,715
Amortization of deferred income		(1,288,814)	(221,406)
Exchange gain on foreign currency revaluation		-	(3,880)
(Decrease) / increase in long-term deposits		(2,000)	465,000
		<u>1,120,955</u>	<u>1,006,212</u>
Surplus before working capital changes		20,890,756	19,719,643
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Advances and prepayments		(3,218,425)	(676,894)
Other receivable		(3,532,146)	-
Inventories		(8,608,237)	(4,962,349)
		<u>(15,358,808)</u>	<u>(5,639,243)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		1,085,513	(491,157)
Deferred donation income		(1,033,324)	4,274,189
		<u>52,189</u>	<u>3,783,032</u>
Net cash generated from operating activities		<u>5,584,137</u>	<u>17,863,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds from disposals of property and equipment		424,000	80,459
Capital Work-in-progress		(335,565)	-
Additions to property and equipment		(1,793,264)	(1,425,957)
Investments made during the year		(25,230,222)	-
Net cash utilised in investing activities		<u>(26,935,051)</u>	<u>(1,345,498)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Endowment received		11,000,000	25,000,000
Net cash generated from financing activities		<u>11,000,000</u>	<u>25,000,000</u>
Net (decrease) / increase in cash and cash equivalents		<u>(10,350,914)</u>	<u>41,517,934</u>
Cash and cash equivalents at beginning of the year		43,559,728	2,041,794
Cash and cash equivalents at end of the year	9	<u><u>33,208,814</u></u>	<u><u>43,559,728</u></u>

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The annexed notes 1 to 23 form an integral part of these financial statements.



President



Trustee

CHARITY RIGHT WELFARE ASSOCIATION PAKISTAN

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

1. LEGAL STATUS AND PRINCIPLE ACTIVITIES

Charity Right Welfare Association Pakistan (the Association) is a non profit organization registered on January 25, 2016 under the Societies Registration Act, XXI of 1860.

The Association is engaged in running feeding programs for under privileged students in various schools in Karachi and Thar and monthly ration distribution programs to needy and poor people. During the year, the Association has started a chain of subsidized grocery shops (the shops) in Karachi and Thar and issuance of right-pay cards to donees for purchase of ration from these stores.

The registered office of the Association is situated at office no. 403, 4th floor, Building no. 42-C, Lane 8, Bukhari Commercial, Phase VI, DHA, Karachi.

The names of the members of the Board of Trustees of the Association are as follows:

S. No.	Name of Trustee
1.	Imran Anwer
2.	Muhammad Idris
3.	Haji Muhammad Zafar
4.	Muhammad Farid Alam
5.	Muhammad Lukman
6.	Muhammad Irfan Memon
7.	Faisal Mesiya
8.	Khawaja Tanveer Saleem
9.	Syed Muhammad Salman Ali

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as stated otherwise in these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Association's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest Rupees.

2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no judgments made by management in the application of accounting and reporting standards as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

2.5 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Association's financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the annual accounting periods beginning on or after July 1, 2022. However, these are considered either not to be relevant or to have any significant impact on the Association's financial statements and operations and, therefore, have not been disclosed in these financial statements.

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2.6 Financial Instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Any gains or losses on derecognition of financial assets and liabilities are taken to profit and loss currently.

The Association classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date, which are classified as non-current assets. Loans and receivables comprise of trade debts, loans, advances, deposits and other receivables in the statement of financial position.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the statement of financial position date.

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

- a) Amortised cost - A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL;
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms 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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- b) Fair value through other comprehensive income (FVTOCI) - A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as a FVTPL;
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
 - the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c) Fair value through profit or loss (FVTPL) - Financial assets, that are not measured at amortised cost or at fair value through other comprehensive income on initial recognition, are classified as fair value through profit or loss (FVTPL).

All financial assets are recognised at the time when the Association becomes a party to the contractual provisions of the instrument. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in profit or loss. Financial assets carried at FVTOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income / (loss). Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of profit or loss and other comprehensive income.

2.6.1 Impairment of financial asset

The Association recognises lifetime expected credit losses for trade receivables that do not constitute a financing transaction. Expected credit losses (ECLs) are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Association expects to receive). Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. For all other financial assets, expected credit losses are measured at an amount equal to 12 months' ECLs i.e. ECLs that result from default event that are possible within 12 months after the reporting date.

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2.6.2 Financial liabilities

All financial liabilities are recognised at the time when the Association becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method. A financial liability is derecognised when the obligation under the liability is discharged or 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 de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

2.6.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.7 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the straight line method in accordance with the rates specified in note 3 to the financial statements after taking into account the residual value, if any.

Depreciation on acquisition is charged from the month in which the property and equipment is put to use whereas no depreciation is charged in the month of disposal.

Gains and losses on disposals of property and equipment, if any, are included in statement of income and expenditure.

Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to income and expenditure account as and when incurred.

2.8 Inventories

These are valued at lower of cost and net realisable value (NRV). The Cost is determined using the first in first out (FIFO) method.

2.9 Revenue recognition

Income from donations are recognised on receipt basis. However, donation receivable is recorded when the receiving of donation is expected to be more than certain.

Income from donation is classified as either restricted or un-restricted income. Restricted income pertains to specific projects being undertaken by the Association and is initially credited to the restricted fund. It is subsequently transferred on a systematic basis to statement of income and expenditure when expenses related to these specific projects are being incurred. Whereas un-restricted income is recognised directly to statement of income and expenditure.

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2.10 Expense recognition

Disbursements of donation are recognised in the statement of income and expenditure during the period in which they are incurred. Other general administrative expenses pertaining to administration and running the Association are recognised on accrual basis.

2.11 Deferred Capital income

Donations-in-kind of capital nature are recorded as deferred capital income on the statement of financial position and a portion of such donations is recognised as income in the income and expenditure account to match the depreciation provided during the year.

2.12 Accrued and other liabilities

Accrued and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.13 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

2.14 Taxation

As per Section 100C of the Income Tax Ordinance 2001, (the Ordinance), the income of the Association is eligible for a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable, provided that the Association files its income tax return, deducts or collects the withholding tax required under the Ordinance and the withholding tax statement has been filed with the authorities. Accordingly no provision for tax has been recognised.

2.15 Foreign currency transactions and translations

Foreign currency transactions are recorded into Pak Rupees using the exchange rates prevailing at the date of transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the statement of financial position date. Exchange differences are taken to statement of income and expenditure.

2.16 Accumulated fund

The accumulated fund of the Association consists of three restricted and one un-restricted fund.

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2.16.1 School feeding program fund - restricted

This fund comprises of contributions which are externally restricted by the donor to be used only for school feeding programs. The donations received or receivable (when receiving of the donation is expected to be more than certain) for these programs are recognized initially in this fund as deferred income and are transferred to statement of income and expenditure when costs associated with this program have been incurred.

2.16.2 Endowment fund - restricted

During the year, the Board of Trustees of the Association has established an endowment fund for investment in Shariah compliant securities which is to be maintained permanently in the Association, however, the income generated on such fund can be utilized for any of the activities of the Association as determined by the Board of Trustees.

2.16.3 General fund - Un-restricted

Zakat, Sadaqa and other donations contributed by the donors for general purposes are recorded in this fund and are recorded in the statement of income and expenditure when received or receivable (when the receiving of donation is expected to be more than certain).

2.17 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks on current accounts.

2.18 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Association has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Note	2022 Rupees	2021 Rupees
3. OPERATING FIXED ASSETS			
Operating fixed assets	3.1	7,284,800	8,327,305
Capital Work-in-Progress	3.2	335,565	-
<i>Agg</i>		<u>7,620,365</u>	<u>8,327,305</u>

3.1 Operating fixed assets

	Office Equipment	Computer & Related Accessories	Furniture , Fixtures & Fittings	Vehicles	Total
← Rupees →					
Net carrying value basis					
Year ended June 30, 2022					
Opening net book value	974,918	489,931	6,130,656	731,800	8,327,305
Additions	352,827	499,837	129,800	810,800	1,793,264
Disposals / write offs					
Cost	-	82,650	438,453	750,000	1,271,103
Accumulated depreciation	-	(23,418)	(140,293)	(125,000)	(288,711)
Depreciation charge	(416,761)	(98,959)	(1,206,337)	(131,320)	(1,853,377)
Closing net book value	910,984	831,577	4,755,959	786,280	7,284,800
Gross carrying value basis					
At June 30, 2022					
Cost	2,130,826	1,059,490	6,192,089	863,800	10,246,205
Accumulated depreciation	(1,219,842)	(227,913)	(1,436,130)	(77,520)	(2,961,405)
Net book value	910,984	831,577	4,755,959	786,280	7,284,800
Net carrying value basis					
Year ended June 30, 2021					
Opening net book value	774,255	-	483,701	42,400	1,300,356
Additions	626,434	515,603	5,949,989	778,000	7,870,026
Transfers					
Cost	(126,700)	126,700	-	-	-
Accumulated depreciation	65,700	(65,700)	-	-	-
	(61,000)	61,000	-	-	-
Disposals / write offs					
Cost	(229,008)	-	(62,935)	(28,000)	(319,943)
Accumulated depreciation	139,553	-	16,763	2,333	158,649
	(89,455)	-	(46,172)	(25,667)	(161,294)
These include grocery items held for sale	(275,316)	(86,672)	(256,862)	(62,933)	(681,783)
Closing net book value	974,918	489,931	6,130,656	731,800	8,327,305
Due from a related party - Note 8.1					
At June 30, 2021					
Cost	1,777,999	642,303	6,500,742	803,000	9,724,044
Accumulated depreciation	(803,081)	(152,372)	(370,086)	(71,200)	(1,396,739)
Net book value	974,918	489,931	6,130,656	731,800	8,327,305
Useful life - years	5	5	5-10	5	

3.2 Capital Work-in-progress (CWIP)

	June 30, 2022			June 30, 2021				
	As at July 01, 2021	Additions	Transfers	As at June 30, 2022	As at July 01, 2020	Additions	Transfers	As at June 30, 2021
← Rupees →								
Software	-	335,565	-	335,565	-	-	-	-

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4. INVESTMENT - AT FAIR VALUE THROUGH PORFIT OR LOSS	2022 Rupees	2021 Rupees
379,191.2654 units (2021: Nil units) of Meezan Rozana Amdani Fund (MRAF)	18,959,563	-
121,370.5673 units (2021: Nil units) of Meezan Sovereign Fund (MSF)	<u>6,270,659</u>	<u>-</u>
	<u><u>25,230,222</u></u>	<u><u>-</u></u>

4.1 The above investments have been valued at Net Assets value as at June 30, 2022.

5. LONG-TER DEPOSITS

These represent deposits paid against rented premises by the Association.

6. ADVANCES AND PREPAYMENTS	2022 Rupees	2021 Rupees
Advances		
Employees	125,678	106,867
Suppliers	<u>3,574,373</u>	<u>155,340</u>
	3,700,051	262,207
Prepayments		
Rent	<u>381,268</u>	<u>548,333</u>
Subscription fee	<u>-</u>	<u>52,354</u>
	381,268	600,687
	<u><u>4,081,319</u></u>	<u><u>862,894</u></u>

7. INVENTORIES

These include grocery items held for sale at warehouse and shops amounting to Rs. 6.35 million (2021: Rs. 3.11 Million) and Rs. 7.22 million (2021: Rs. 1.85 Million) respectively.

8. OTHER RECEIVABLE	2022 Rupees	2021 Rupees
Due from a related party - Note 8.1	<u>3,532,146</u>	<u>-</u>

8.1 As at June 30, 2022, the following balance was outstanding from a related party:

	2022 Rupees	2021 Rupees
Charity Right UK	<u>3,532,146</u>	<u>-</u>

9. CASH AND BANK BALANCES

At banks in

- Current accounts	<u>32,555,060</u>	<u>43,500,376</u>
	32,555,060	43,500,376
Cash in hand - Local Currency	<u>653,754</u>	<u>59,352</u>
	653,754	59,352
	<u><u>33,208,814</u></u>	<u><u>43,559,728</u></u>

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10. DEFERRED CAPITAL INCOME

This represents the donation-in-kind in the form of various assets received by the Association. Following is the movement of deferred capital income:

	2022	2021
	Rupees	Rupees
Balance at the beginning of the year	6,222,663	-
Capital income received during the year:		
Office equipment	-	538,770
Furniture and fixture	-	5,905,299
	<u>6,222,663</u>	<u>6,444,069</u>
Less: Capital income released	(1,288,814)	(221,406)
	<u>4,933,849</u>	<u>6,222,663</u>
Less: Current portion	(1,288,814)	(1,288,814)
	<u><u>3,645,035</u></u>	<u><u>4,933,849</u></u>

11. TRADE AND OTHER PAYABLES

Creditors	1,417,566	2,376,117
Accrued liabilities	117,367	98,720
Salaries payable	1,691,070	883,266
Withholding taxes payable	402,017	109,405
Rent Payable	925,000	-
	<u>4,553,020</u>	<u>3,467,508</u>

12. DEFERRED DONATION INCOME

Deferred donation from		
Charity Right UK - note 12.1	-	3,950,995
IDRF - note 12.2	2,739,271	-
Sadqa Donation - note 12.3	-	-
Deferred Right-pay card income - note 12.4	501,594	323,194
	<u>3,240,865</u>	<u>4,274,189</u>

12.1 This represents restricted donations received from Charity Right United Kingdom for the purpose of school feeding program of the Association. The movement in deferred donation income is as follows:

	2022	2021
	Rupees	Rupees
Balance at beginning of the year	3,950,995	-
Donation received / receivable during the year	44,716,587	18,571,256
Donation utilised during the year	(48,667,582)	(14,620,261)
Balance at end of the year	<u><u>-</u></u>	<u><u>3,950,995</u></u>

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- 12.2** This represents restricted donations received from IDRF for the purpose of school feeding program of the Association. The movement in deferred donation income is as follows:

	2022 Rupees	2021 Rupees
Balance at beginning of the year	-	-
Donation received during the year	6,746,570	-
Donation utilised during the year	(4,007,299)	-
Balance at end of the year	<u>2,739,271</u>	<u>-</u>

- 12.3** This represents un-restricted donations received from Sadqa for the purpose of school feeding program of the Association. The movement in deferred donation income is as follows:

	2022 Rupees	2021 Rupees
Balance at beginning of the year	-	-
Donation received during the year	306,000	-
Donation utilised during the year	(306,000)	-
Balance at end of the year	<u>-</u>	<u>-</u>

- 12.4** This represents amounts outstanding in respect of right-pay cards, which have not been utilised as at June 30, 2022, by the beneficiaries.

13. ENDOWMENT FUND

This represents contribution received from donors with the condition that principal amount be kept intact while the income earned on related investments could be used for specific or general purpose as per arrangements with the donors.

13.1 Movement of Endowment Fund	2022 Rupees	2021 Rupees
Opening balance	25,000,000	-
Endowment received during the year	11,000,000	25,000,000
Closing balance	<u>36,000,000</u>	<u>25,000,000</u>

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14. SHOP SALES	2022 Rupees	2021 Rupees
Shop sales	95,743,869	9,123,167
Sales through Right Pay cards - note 14.1	<u>(73,737,197)</u>	<u>(2,486,311)</u>
Cash sales	<u>22,006,672</u>	<u>6,636,856</u>

14.1 Sales through Right Pay cards

These represent sales from Right Pay cards which are distributed by donors among donees. These cards are charged by the donees at the time of purchase from Right choice shops.

15. COST OF SALES	2022 Rupees	2021 Rupees
Opening inventory	4,962,349	-
Purchases	96,185,501	21,122,228
Inventory issued for various programs	-	(5,932,710)
Closing inventory	<u>(13,570,586)</u>	<u>(4,962,349)</u>
	<u>87,577,264</u>	<u>10,227,169</u>

16. COST OF SERVICES

School feeding program	9,094,778	14,620,261
Salaries, allowances and benefits	9,494,746	1,090,632
Qurbani animal sacrifice	5,267,430	5,528,382
Warehouse Cost	3,185,996	-
Rent	1,746,849	764,667
Travelling and conveyance	1,174,378	475,731
Repair and maintenance	1,090,809	749,145
Subscription fee	783,467	420,361
Printing and stationery	218,466	47,508
Utilities	179,980	-
Internet and communication	117,840	-
Depreciation	112,071	460,377
Bank Charges	23,122	-
Over / Under Absorption	-	-
Legal and professional	1,350	-
Distribution of chocolates	-	4,436,595
Ration distribution	-	6,658,442
Others	208,675	-
<i>Att</i>	<u>32,699,957</u>	<u>35,252,101</u>

	2022 Rupees	2021 Rupees
17. GENERAL AND ADMINISTRATIVE		
Salaries, allowances and benefits	3,381,502	3,296,098
Depreciation - note 3.1	1,741,307	221,406
Rent	1,275,000	1,531,986
Loss on disposal / write off of operating fixed assets	558,392	84,715
Utilities	538,263	257,715
Printing and stationery	200,309	106,938
Travelling and conveyance	214,707	247,705
Internet and communication	129,409	69,321
Repairs and maintenance	125,530	306,308
Entertainment	99,736	88,284
Legal and professional	98,214	387,993
Auditors' remuneration - note 17.1	55,000	30,000
Bank charges	29,736	1,271
Others	355,617	156,443
	<u>8,802,722</u>	<u>6,786,183</u>
17.1 AUDITORS' REMUNERATION		
Audit fee	25,000	25,000
Out-of-pocket expenses	30,000	5,000
	<u>55,000</u>	<u>30,000</u>

18. FINANCIAL RISK MANAGEMENT

18.1 Financial risk factors

The Association's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Association's overall risk management program focuses on having cost effective funding as well as managing financial risk to minimise volatility.

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18.1.1 Financial assets and liabilities by category and their respective maturities

	Non-interest bearing		Total
	Maturity up to one year	Maturity after one year	
2022			
FINANCIAL ASSETS			
At Amortized Cost			
Balance with Bank	33,208,814	-	33,208,814
Debtors	3,532,146	-	3,532,146
Long-Term Deposits	54,000	-	54,000
	<u>36,794,960</u>	<u>-</u>	<u>36,794,960</u>
At Fair Value			
Investment	-	25,230,222	25,230,222
	<u>-</u>	<u>25,230,222</u>	<u>25,230,222</u>
FINANCIAL LIABILITIES			
At Amortized Cost			
Trade Payable	4,553,020	-	4,553,020
Deferred Capital Income	-	4,933,849	4,933,849
Deferred Donation Income	3,240,865	-	3,240,865
	<u>7,793,885</u>	<u>4,933,849</u>	<u>12,727,734</u>
2021			
FINANCIAL ASSETS			
At Amortized Cost			
Investment	-	-	-
Balance with Bank	43,559,728	-	43,559,728
Debtors	-	-	-
Long-Term Deposits	52,000	-	52,000
	<u>43,611,728</u>	<u>-</u>	<u>43,611,728</u>
FINANCIAL LIABILITIES			
At Amortized Cost			
Trade Payable	3,467,508	-	3,467,508
Deferred Capital Income	-	6,222,663	6,222,663
Deferred Donation Income	4,274,189	-	4,274,189
	<u>7,741,697</u>	<u>6,222,663</u>	<u>13,964,360</u>

18.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or other counter parties to fulfil their contractual obligations resulting in financial loss to the Association.

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18.3 Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Association's reputation.

	2022		
	Carrying amount	One to two years	Two to five years
	(Rupees)		
Financial liabilities			
Trade Payable	4,553,020	-	-
Deferred Capital Income	4,933,849	-	-
Deferred Donation Income	3,240,865	-	-
	2021		
	Carrying amount	One to two years	Two to five years
	(Rupees)		
Financial liabilities			
Trade Payable	3,467,508	-	-
Deferred Capital Income	6,222,663	-	-
Deferred Donation Income	4,274,189	-	-

18.4 Market risk

Market risk is a risk of changes in market price, such as foreign exchange rates, interest rates and equity prices which will effect the Association's income or the value of its financial instruments.

The Association manages market risk by monitoring exposure in marketable securities by following the investment guidelines approved by the Board of Governors (BoG). The Investment Committee is responsible for making investment decisions.

Market risk comprises of three type of risks: currency risk, interest rate risk and price risk.

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. At reporting date, the Association does not have financial instruments exposed to currency risk.

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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.

a) Fair value sensitivity analysis for variable rate instruments

At the reporting date, the Association does not hold any variable rate instruments.

b) Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2022, the Association does not holds term deposit receipts.

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 interest rate risk or currency risk). At reporting date, the Association does not have financial instruments exposed to other price risk.

Fair value of financial instruments

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of the financial instruments approximate their fair values as at 30 June 2022 as these are of short term nature.

19. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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 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.

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost.

The Association 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:

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

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The Association recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Association's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg. Significant increases / decreases in activity).
- changes in inputs used in valuation techniques (eg. Inputs becoming / ceasing to be observable in the market).

There were no transfers between level 1, 2 and 3 of the fair value hierarchy during the year.

20. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transactions	2022 Rupees	2021 Rupees
Trustees	Endowment Fund received	11,000,000	25,000,000
Trustees	Donations received	6,602,000	10,802,000
Organisations where Trustees are Trustees / Directors	Donations received	6,226,714	1,440,877

21. NUMBER OF EMPLOYEES

	2022	2021
Number of employees at June 30, 2022	<u>73</u>	<u>48</u>

22. CORRESPONDING FIGURE

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Trustees on 29/10/2022

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President



Trustee