

**CHARITY RIGHT WELFARE ASSOCIATION
PAKISTAN**

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

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





INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of Charity Right Welfare Association Pakistan (the Association), which comprise the statement of financial position as at June 30, 2024, and the statement of income and expenditure and other comprehensive income and statement of changes in accumulated fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2024, 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.

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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 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 Fashim ul Hasan.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: October 30, 2024

UDIN: AR2024101331D1V6ZRoy

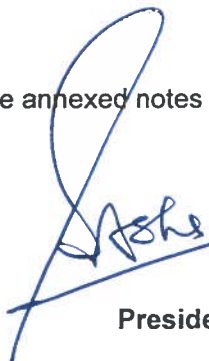
CHARITY RIGHT WELFARE ASSOCIATION PAKISTAN

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Non - current assets			
Operating fixed assets	3	27,103,983	6,669,219
Intangible asset	4	1,061,699	1,592,564
Investments - restricted	5	36,000,000	36,000,000
Long term deposits		22,100	103,500
		<u>64,187,782</u>	<u>44,365,283</u>
Current assets			
Advances and prepayments	6	1,347,860	2,882,681
Short term investments	7	81,171,620	31,259,186
Inventories	8	39,527,467	32,804,587
Other receivable	9	-	33,337,533
Cash and bank balances	10	9,766,743	12,114,185
		<u>131,813,690</u>	<u>112,398,172</u>
Total assets		196,001,472	156,763,455
Less: Liabilities			
Non-current liabilities			
Deferred capital income	11	1,067,407	2,356,221
		<u>1,067,407</u>	<u>2,356,221</u>
Current liabilities			
Trade and other payables	12	25,655,838	7,478,421
Current portion of deferred capital income	11	1,288,814	1,288,814
Deferred donation income - restricted	13	17,930,813	16,679,961
		<u>44,875,465</u>	<u>25,447,196</u>
Total liabilities		45,942,872	27,803,417
Contingencies and commitments	15		
NET ASSETS		<u>150,058,600</u>	<u>128,960,038</u>
REPRESENTED BY:			
Accumulated fund			
Restricted - endowment fund	16	58,380,000	36,000,000
Un-restricted fund	17	91,678,600	92,960,038
		<u>150,058,600</u>	<u>128,960,038</u>

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The annexed notes 1 to 28 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, 2024

	Note	2024 Rupees	2023 Rupees
Income			
Shop sales	18	64,494,337	38,004,736
Redemption of Right Pay cards		179,216,913	32,341,841
Zakat and sadaqa - unrestricted		104,783,712	166,483,776
Donation for school feeding program - restricted	13	11,264,186	36,249,676
Investment income from mutual funds		14,491,479	6,021,329
Deferred capital income		1,288,814	1,288,814
Exchange gain		-	4,595,582
Other income	14	1,059,506	-
		<u>376,598,947</u>	<u>284,985,754</u>
Expenses			
Cost of sales	19	(311,431,452)	(152,462,270)
Cost of services	20	(36,909,286)	(63,112,645)
Selling and distribution		(5,191,722)	(1,578,053)
General and administrative	21	(22,599,663)	(13,442,465)
Exchange loss		(1,748,261)	-
		<u>(377,880,385)</u>	<u>(230,595,433)</u>
(Deficit) / surplus for the year		<u><u>(1,281,438)</u></u>	<u><u>54,390,321</u></u>

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

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The annexed notes 1 to 28 form an integral part of these financial statements.


President


Trustee

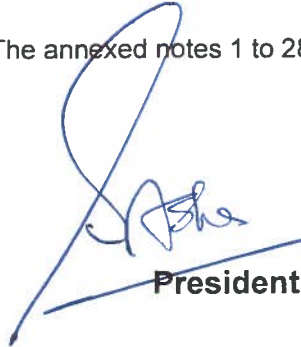
CHARITY RIGHT WELFARE ASSOCIATION PAKISTAN

STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Restricted Fund Endowment	Un-restricted Fund - General	Total
	← Rupees →		
Balance as at June 30, 2022	36,000,000	38,569,717	74,569,717
Surplus for the year	-	54,390,321	54,390,321
Balance as at June 30, 2023	36,000,000	92,960,038	128,960,038
Deficit for the year	-	(1,281,438)	(1,281,438)
Endowment fund received during the year - note 16	22,380,000	-	22,380,000
Balance as at June 30, 2024	58,380,000	91,678,600	150,058,600

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President


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CHARITY RIGHT WELFARE ASSOCIATION PAKISTAN

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus for the year		(1,281,438)	54,390,321
Adjustment for non-cash charges and other items:			
Depreciation	3.1	2,325,520	2,040,841
Amortization of intangible	4.1	530,865	245,074
Gain on disposal	14	(421,634)	-
Investment income from mutual funds		(14,491,479)	(6,021,329)
Amortization of deferred income	11	(1,288,814)	(1,288,814)
		<u>(13,345,543)</u>	<u>(5,024,228)</u>
(Deficit) / surplus before working capital changes		(14,626,981)	49,366,092
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Advances and prepayments	6	1,534,821	1,198,638
Other receivable	9	33,337,533	(29,805,387)
Long-term deposits		81,400	(49,500)
Inventories	8	(6,722,880)	(19,234,001)
		<u>28,230,873</u>	<u>(47,890,250)</u>
Increase in current liabilities			
Trade and other payables	12	18,177,417	2,925,401
Deferred donation income	13	1,250,852	13,439,096
		<u>19,428,269</u>	<u>16,364,497</u>
Net cash generated from operating activities		<u>33,032,162</u>	<u>17,840,340</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds from disposals of operating fixed assets		503,381	-
Additions to operating fixed assets	3.1	(22,842,030)	(1,425,260)
Additions to intangibles	4.1	-	(1,502,073)
Investments made during the year	7	(35,420,955)	(36,007,636)
Net cash used in investing activities		<u>(57,759,604)</u>	<u>(38,934,969)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Endowment received	16	22,380,000	-
Net cash generated from financing activities		<u>22,380,000</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>(2,347,442)</u>	<u>(21,094,629)</u>
Cash and cash equivalents at beginning of the year		12,114,185	33,208,814
Cash and cash equivalents at end of the year	10	<u>9,766,743</u>	<u>12,114,185</u>

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The annexed notes 1 to 28 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, 2024

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, 1860 (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 2022, the Association 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 as at June 30, 2024 are as follows:

S. No.	Name of Trustee	Designation
1.	Shamsuddin A. Shaikh	Chairman / President
2.	Muhammad Idris	General Secretary
3.	Haji Muhammad Zafar	Finance Secretary
4.	Muhammad Farid Alam	Member
5.	Muhammad Lukman	Member
6.	Muhammad Irfan Memon	Member
7.	Khawaja Tanveer Saleem	Member
8.	Abdul Samad Bilwani	Member
9.	Ali Cassim	Member
10.	Atir Idris	Member
11.	Muzammil Imran	Member
12.	Mustajab-Ur-Rab Khan	CEO - Deemed Member

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below:

2.1 BASIS OF PREPARATION

2.1.1 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 for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

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- 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 for SMEs or the Accounting Standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Basis of measurement

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

2.1.3 Functional and presentation currency

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

2.1.4 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 recognized 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.

2.1.5 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, 2023. However, these do not have any significant impact on the Association's financial reporting.

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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, 2024. 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.

2.2 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 income and expenditure currently.

Financial assets are classified at initial recognition and subsequently measured at amortized 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) Amortized cost - A financial asset is measured at amortized 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.
- 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 amortized cost or at fair value through other comprehensive income on initial recognition, are classified as fair value through profit or loss (FVTPL).

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All financial assets are recognized at the time when the Association becomes a party to the contractual provisions of the instrument. Financial assets at amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income and impairment losses are recognized in statement of income and expenditure and other comprehensive income.. Financial assets carried at FVTOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognized 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 income and expenditure and other comprehensive income. Realized and unrealized 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 income and expenditure and other comprehensive income in the period in which they arise. Financial assets are derecognized 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 recognized in statement of income and expenditure and other comprehensive income.

2.2.1 Impairment of financial asset

The Association recognizes 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.

2.2.2 Financial liabilities

All financial liabilities are recognized at the time when the Association becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method. A financial liability is derecognized 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 recognized in the statement of income and expenditure and other comprehensive income.

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2.2.3 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.

2.3 Operating fixed assets

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 and other comprehensive income.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to statement of income and expenditure and other comprehensive income as and when incurred.

2.4 Inventories

These are valued at lower of cost and net realizable value (NRV). The cost is determined using the weighted average cost (WAC) method.

2.5 Revenue recognition

Income from donations are recognized 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 recognized directly to statement of income and expenditure.

2.6 Expense recognition

Disbursements of donation are recognized 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 recognized on accrual basis.

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2.7 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 recognized as income in the income and expenditure account to match the depreciation charged during the year.

2.8 Accrued and other liabilities

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

2.10 Provisions

Provisions are recognized when the Association 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.

2.11 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 recognized.

2.12 Foreign currency transactions and translations

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

2.13 Accumulated fund

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

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2.13.1 School feeding program fund - restricted

This fund comprised 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. However, during the year this program has been temporarily suspended and is currently under consideration for a comprehensive revamp.

2.13.2 Endowment fund - restricted

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

2.13.3 General fund - unrestricted

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).

2.14 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.

2.15 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 realize the asset and settle the liability simultaneously.

	Note	2024 Rupees	2023 Rupees
3. OPERATING FIXED ASSETS			
Operating fixed assets	3.1	<u>27,103,983</u>	<u>6,669,219</u>

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3.1 Operating fixed assets

	Endowment Property - note 3.2	Office Equipment	Computer & Related Accessories	Furniture, Fixtures & Fittings	Vehicles	Total
	← Rupees →					
Net carrying value basis						
Year ended June 30, 2024						
Opening net book value	-	1,253,788	1,039,421	3,762,490	613,520	6,669,219
Additions	22,380,000	96,000	366,030	-	-	22,842,030
Disposals / write offs						
Cost	-	503,381	-	-	-	503,381
Accumulated depreciation	-	(421,635)	-	-	-	(421,635)
	-	(81,746)	-	-	-	(81,746)
Depreciation charge	(149,200)	(402,331)	(330,266)	(1,271,463)	(172,260)	(2,325,520)
Closing net book value	<u>22,230,800</u>	<u>865,711</u>	<u>1,075,185</u>	<u>2,491,027</u>	<u>441,260</u>	<u>27,103,983</u>
Gross carrying value basis						
At June 30, 2024						
Cost	22,380,000	2,468,883	1,899,945	6,404,089	863,800	11,636,717
Accumulated depreciation	(149,200)	(1,603,172)	(824,760)	(3,913,062)	(422,540)	(6,763,534)
Net book value	<u>22,230,800</u>	<u>865,711</u>	<u>1,075,185</u>	<u>2,491,027</u>	<u>441,260</u>	<u>4,873,183</u>
Net carrying value basis						
Year ended June 30, 2023						
Opening net book value	-	910,984	831,577	4,755,959	786,280	7,284,800
Additions	-	738,835	474,425	212,000	-	1,425,260
Disposals / write offs	-	-	-	-	-	-
Depreciation charge	-	(396,031)	(266,581)	(1,205,469)	(172,760)	(2,040,841)
Closing net book value	<u>-</u>	<u>1,253,788</u>	<u>1,039,421</u>	<u>3,762,490</u>	<u>613,520</u>	<u>6,669,219</u>
At June 30, 2023						
Cost	-	2,876,264	1,533,915	6,404,089	863,800	11,678,068
Accumulated depreciation	-	(1,622,476)	(494,494)	(2,641,599)	(250,280)	(5,008,849)
Net book value	<u>-</u>	<u>1,253,788</u>	<u>1,039,421</u>	<u>3,762,490</u>	<u>613,520</u>	<u>6,669,219</u>
Useful life - years	<u>25</u>	<u>5</u>	<u>5</u>	<u>5-10</u>	<u>5</u>	

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- 3.2 This represents property acquired by the Association using the endowment fund which has been leased out in accordance with the donor agreement, as stated in note 16.1.1.

	Note	2024 Rupees	2023 Rupees
4 INTANGIBLE ASSETS			
Operating intangible assets	4.1	<u>1,061,699</u>	<u>1,592,564</u>

4.1 Intangible assets

	2024										
	Cost			Amortization				Net book	Rate		
	As at July 01, 2023	Additions	(Disposals)	As at June 30, 2024	As at July 01, 2023	For the year	(Disposals)	As at June 30, 2024	value as at June 30, 2024	%	
	←				Rupees						→
Computer software and license fee	1,837,638	-	-	1,837,638	245,074	530,865	-	775,939	1,061,699	33.33	

	2023										
	Cost			Amortization				Net book	Rate		
	As at July 01, 2022	Additions	(Disposals)	As at June 30, 2023	As at July 01, 2022	For the year	(Disposals)	As at June 30, 2023	value as at June 30, 2023	%	
	←				Rupees						→
Computer software and license fee	-	1,837,638	-	1,837,638	-	245,074	-	245,074	1,592,564	33.33	

	2024 Rupees	2023 Rupees
4.2 Capital work-in-progress		
Balance at beginning of the year	-	335,565
Additions during the year	-	-
Transferred to Intangible assets	-	(335,565)
Balance at the end of the year	<u>-</u>	<u>-</u>

5. INVESTMENT - RESTRICTED

At fair value through profit or loss

551,557 units (2023: 578,295) of

Meezan Rozana Amdani Fund (MRAF) managed
by AI Meezan Investment Management Limited

27,577,863 28,914,748

160,887 units (2023: 136,152 units) of

Meezan Sovereign Fund (MSF) managed
by AI Meezan Investment Management Limited

8,422,137 7,085,252

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36,000,000 36,000,000

5.1 The above investments have been valued at Net Assets Value as at June 30, 2024.

5.2 This represents investment made from endowment fund.

	2024 Rupees	2023 Rupees
6. ADVANCES AND PREPAYMENTS		
Advances		
Employees	12,140	176,970
Suppliers	-	1,691,650
	<u>12,140</u>	<u>1,868,620</u>
Prepayments		
Rent	683,545	806,156
Others	652,175	207,905
	<u>1,335,720</u>	<u>1,014,061</u>
	<u><u>1,347,860</u></u>	<u><u>2,882,681</u></u>

7. SHORT TERM INVESTMENTS

At fair value through profit or loss

253,349 units (2023: 625,184 units) of Meezan Rozana Amdani Fund (MRAF) managed by Al Meezan Investment Management Limited	12,667,436	31,259,186
686,042 units (2023: Nil) of Pak Qatar Daily Dividend Plan managed by Pak Qatar Asset Management Company Limited	68,504,184	-
	<u>81,171,620</u>	<u>31,259,186</u>

7.1 The above investments have been valued at Net Assets Value as at June 30, 2024.

8. INVENTORIES

These include grocery items held for sale at warehouse and shops amounting to Rs. 17.3 million (2023: Rs. 22.54 million) and Rs. 13.43 million (2023: Rs. 10.25 million) respectively.

	2024 Rupees	2023 Rupees
9. OTHER RECEIVABLE		
Due from International Development Relief Foundation (IDRF)	-	32,036,980
Others	-	1,300,553
	<u>-</u>	<u>33,337,533</u>

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	2024 Rupees	2023 Rupees
10. CASH AND BANK BALANCES		
- Current accounts	9,662,612	12,000,959
- Cash in hand	104,131	113,226
	<u>9,766,743</u>	<u>12,114,185</u>

11. 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:

	2024 Rupees	2023 Rupees
Balance at beginning of the year	3,645,035	4,933,849
Less: Capital income released	(1,288,814)	(1,288,814)
	<u>2,356,221</u>	<u>3,645,035</u>
Less: Current portion	(1,288,814)	(1,288,814)
	<u>1,067,407</u>	<u>2,356,221</u>

12. TRADE AND OTHER PAYABLES

Creditors	22,537,238	6,450,614
Salaries payable	2,648,260	494,034
Withholding taxes payable	365,500	240,129
Other payable	104,840	293,644
	<u>25,655,838</u>	<u>7,478,421</u>

13. DEFERRED DONATION INCOME

	2024			2023		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Deferred donation from Charity Right UK - note 13.1	-	-	-	5,910,137	-	5,910,137
International Development Relief Fund (IDRF) - note 13.2	12,196,984	-	12,196,984	-	-	-
Deferred Right-pay card income - note 13.3	5,733,829	-	5,733,829	10,769,824	-	10,769,824
	<u>17,930,813</u>	<u>-</u>	<u>17,930,813</u>	<u>16,679,961</u>	<u>-</u>	<u>16,679,961</u>

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- 13.1 This represents donations (including restricted and un-restricted) received from Charity Right United Kingdom for various programs of the Association. The movement in deferred donation income is as follows:

	2024			2023		
	Rupees			Rupees		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Balance at beginning of the year	5,910,137	-	5,910,137	-	-	-
Donation received / receivable during the year	5,354,049	-	5,354,049	42,159,813	9,493,919	51,653,732
Donation utilised during the year	(11,264,186)	-	(11,264,186)	(36,249,676)	(9,493,919)	(45,743,595)
Balance at end of the year	-	-	-	5,910,137	-	5,910,137

- 13.2 This represents donations (including restricted and un-restricted) received from IDRF for various programs of the Association. The movement in deferred donation income is as follows:

	2024			2023		
	Rupees			Rupees		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Balance at beginning of the year	-	-	-	2,739,271	-	2,739,271
Donation received / receivable during the year	89,113,534	-	89,113,534	3,779,074	50,838,943	54,618,017
Donation utilised during the year	(76,916,550)	-	(76,916,550)	(6,518,345)	(50,838,943)	(57,357,288)
Balance at end of the year	12,196,984	-	12,196,984	-	-	-

- 13.3 This represents amounts outstanding in respect of right-pay cards, which have not been utilised as at June 30, 2024, by the beneficiaries.

	2024			2023		
	Rupees			Rupees		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Balance at beginning of the year	10,769,824	-	10,769,824	501,594	-	501,594
Donation received / receivable during the year	139,925,378	-	139,925,378	42,610,071	-	42,610,071
Donation utilised during the year	(144,961,373)	-	(144,961,373)	(32,341,841)	-	(32,341,841)
Balance at end of the year	5,733,829	-	5,733,829	10,769,824	-	10,769,824

14. OTHER INCOME

This includes gain on disposal of operating fixed assets amounts to Rs. 0.42 million (2023: Nil)

15. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024.

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16. ENDOWMENT FUND

This represent 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.

	2024 Rupees	2023 Rupees
16.1 Movement of Endowment Fund		
Opening balance	36,000,000	36,000,000
Endowment received during the year - note 16.1.1	22,380,000	-
Closing balance	<u>58,380,000</u>	<u>36,000,000</u>

16.1.1 This represents grant received for the purpose as specified in the donor agreement.

	2024 Rupees	2023 Rupees
17. UNRESTRICTED FUNDS		
Zakat - note 17.1	79,592,894	66,386,241
Sadaqah	12,085,706	26,573,797
	<u>91,678,600</u>	<u>92,960,038</u>

17.1 ZAKAT**Zakat available for utilization**

Opening balance of zakat	66,386,241	33,565,518
Zakat received during the year - note 17.1.1	110,483,778	172,967,822
	<u>176,870,019</u>	<u>206,533,340</u>

Zakat utilized during the year

Zakat utilized on providing ration to beneficiaries	86,198,744	115,472,979
Zakat utilized for general and administration expense of the Association	9,005,960	3,027,204
Zakat utilized for other purposes		
- Feed to educate	2,072,421	16,679,328
- Flood relief	-	4,967,588
	<u>97,277,125</u>	<u>140,147,099</u>

Closing balance of zakat

	<u>79,592,894</u>	<u>66,386,241</u>
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17.1.1 Zakat received during the year

This includes gross profit amounts to Rs. 19.14 million (2023: Rs.15.67 million) on sale of right pay cards from Zakat to beneficiaries.

	2024 Rupees	2023 Rupees
Zakat closing balance is represented by:		
Cash and bank balance	9,691,462	12,114,185
Investments	68,504,184	31,259,186
In kind - inventory	1,397,248	23,012,870
	<u>79,592,894</u>	<u>66,386,241</u>
18. SHOP SALES		
Gross sales	329,909,995	183,528,234
Sales through Right pay cards - note 18.1	(265,415,658)	(145,523,498)
Shop sales - note 18.2	<u>64,494,337</u>	<u>38,004,736</u>
18.1	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.	
18.2	This includes hamper sales amounts to Rs. 38.93 million (2023: Nil).	
	2024 Rupees	2023 Rupees
19. COST OF SALES		
Opening inventory	32,804,587	13,570,586
Purchases	318,154,332	171,696,271
Closing inventory	(39,527,467)	(32,804,587)
	<u>311,431,452</u>	<u>152,462,270</u>
20. COST OF SERVICES		
Salaries, allowances and benefits	12,296,851	11,320,629
School feeding program - note 20.1	11,264,186	36,249,676
Rent	3,798,060	3,766,785
Depreciation	1,711,054	1,383,216
Transportation expense	3,261,229	3,986,705
Subscription fee	983,548	866,752
Utilities	890,640	506,580
Repairs and maintenance	818,306	592,849
Legal and professional	713,000	30,450
Printing and stationery	620,941	404,521
Flood relief	-	3,726,750
Others	551,471	277,732
	<u>36,909,286</u>	<u>63,112,645</u>

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	2024 Rupees	2023 Rupees
20.1 School feeding program		
Meal cost	7,967,259	29,373,710
Salaries & allowances	2,000,730	4,006,547
Transport	1,296,197	2,869,419
	<u>11,264,186</u>	<u>36,249,676</u>
20.2 Qurbani program		
The Association did not carry out Qurbani Program during the years ended June 30, 2023 and June 30, 2024.		
	2024 Rupees	2023 Rupees
21. GENERAL AND ADMINISTRATIVE		
Salaries, allowances and benefits	14,958,462	7,776,721
Rent	1,722,188	1,276,400
Fuel, Fare, Freight Expenses	1,144,201	223,377
Utilities	1,018,553	722,308
Repairs and maintenance	714,514	592,411
Amortization of intangible	530,865	245,074
Depreciation	614,466	657,625
Consultancy Expenses	339,000	-
Legal and professional	169,600	174,400
Printing and stationery	168,862	497,204
Internet and communication	467,081	517,987
Entertainment	237,703	114,111
Auditors' remuneration - note 20.1	55,000	55,000
Bank charges	19,407	17,887
Loss on disposal / write off of assets	-	264,500
Others	439,761	307,460
	<u>22,599,663</u>	<u>13,442,465</u>
21.1 AUDITORS' REMUNERATION		
Audit fee	25,000	25,000
Out-of-pocket expenses	30,000	30,000
	<u>55,000</u>	<u>55,000</u>

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23. FINANCIAL RISK MANAGEMENT

23.1 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 minimize volatility.

23.1.1 Financial assets and liabilities by category and their respective maturities

	Non-interest bearing		Total
	Maturity up to one year	Maturity after one year	
	← Rupees →		
2024			
FINANCIAL ASSETS			
At amortized cost			
Cash and bank balances	9,766,743	-	9,766,743
Other receivable	-	-	-
Long term deposits	22,100	-	22,100
	<u>9,788,843</u>	<u>-</u>	<u>9,788,843</u>
At fair value			
Investments - restricted	-	36,000,000	36,000,000
	<u>9,788,843</u>	<u>36,000,000</u>	<u>45,788,843</u>
FINANCIAL LIABILITIES			
At amortized cost			
Trade and other payables	25,655,838	-	25,655,838
Deferred capital income	1,288,814	1,067,407	2,356,221
Deferred donation income	17,930,813	-	17,930,813
	<u>44,875,465</u>	<u>1,067,407</u>	<u>45,942,872</u>
2023			
FINANCIAL ASSETS			
At amortized cost			
Cash and bank balances	12,114,185	-	12,114,185
Other receivable	33,337,533	-	33,337,533
Long term deposits	103,500	-	103,500
	<u>45,555,218</u>	<u>-</u>	<u>45,555,218</u>
At fair value			
Investments - restricted	-	25,230,222	25,230,222
	<u>45,555,218</u>	<u>25,230,222</u>	<u>70,785,440</u>
FINANCIAL LIABILITIES			
At amortized cost			
Trade and other payables	7,478,421	-	7,478,421
Deferred capital income	1,288,814	2,356,221	3,645,035
Deferred donation income	16,679,961	-	16,679,961
	<u>25,447,196</u>	<u>2,356,221</u>	<u>27,803,417</u>

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23.2 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.

23.3 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.

	2024		
	Carrying amount	One to two years	Two to five years
	← Rupees →		
Financial liabilities			
Trade and other payable	25,655,838	-	-
Deferred capital income	1,288,814	1,067,407	-
Deferred donation income	17,930,813	-	-
	2023		
	Carrying amount	One to two years	Two to five years
	← Rupees →		
Financial liabilities			
Trade and other payable	7,478,421	-	-
Deferred capital income	1,288,814	2,356,221	-
Deferred donation income	16,679,961	-	-

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 Trustees.

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

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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.

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 instrument.

b) Fair value sensitivity analysis for fixed rate instruments

As at reporting data, the Association does not hold any fixed rate instruments.

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 2024 as these are of short term nature.

24. 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, 2024, all financial assets and financial liabilities are carried at amortised cost except as stated otherwise in these financial statements.

The Association classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- 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).

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- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1	Level 2	Level 3
	← Rupees →		
June 30, 2024			
Assets carried at FVTPL			
- Investments	36,000,000	-	-
- Short-term Investments	81,171,620	-	-
	<u>117,171,620</u>	-	-
June 30, 2023			
Assets carried at FVTPL			
- Investments	36,000,000	-	-
- Short-term Investments	31,259,186	-	-
	<u>67,259,186</u>	-	-

The Association recognizes 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 (e.g. Significant increases / decreases in activity).
- changes in inputs used in valuation techniques (e.g. 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.

25. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transactions	2024 Rupees	2023 Rupees
Trustees	Donations received	15,265,000	13,672,000
	Endowment fund received	22,380,000	-
Close relatives of Trustees	Donations received	22,767,500	920,000
Organisations where Trustees are Trustees / Directors / Partners / Sponsor	Donations received	20,659,368	18,856,326
Key management personnel and their close relatives	Reimbursement of expenses	175,000	227,880
	Donations received	133,000	275,000

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25.1 Following are the details of related party organisations with whom the Association had entered in to transactions during the year:

S.No	Company Name	Basis of relationship
1	2nd Skin Garments	Common directorship
2	AEG Travel Services (Pvt) Limited	"
3	2nd Skin Mines & Minerals	"
4	Cassim Investments (Pvt) Limited	"

26.	NUMBER OF EMPLOYEES	2024	2023
	Number of employees at June 30	<u>40</u>	<u>73</u>

27. CORRESPONDING FIGURE

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

28. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Trustees on **26 OCT 2024**

Atc



President



Trustee