



**FINANCIAL STATEMENTS
OF
FAMILY EDUCATIONAL SERVICES FOUNDATION
(A COMPANY SETUP UNDER SECTION 42
OF THE COMPANIES ACT, 2017)
FOR THE YEAR ENDED
JUNE 30, 2022**

BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAMILY EDUCATIONAL SERVICES FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **FAMILY EDUCATIONAL SERVICES FOUNDATION**, which comprise the statement of financial position as at June 30, 2022, and the related statement of income and expenditure, the statement of changes in general fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of changes in general fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the surplus, other comprehensive income, the changes in general fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Governors for the Financial Statements

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

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

Boards of Governors are responsible for overseeing the Company's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure, the statement of cash flows and the statement of changes in general fund together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of Family Educational Services Foundation for the year ended June 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on October 18, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 07 OCT 2022

UDIN: AR202210166HYBtqy5pQ



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

FAMILY EDUCATIONAL SERVICES FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	5	86,313,221	71,358,216
Intangible asset	6	298,914	380,521
Long term investments	7	99,982,037	-
Long term loans	8	4,913,080	3,293,902
Long term deposits	9	624,763	524,763
		<u>192,132,015</u>	<u>75,557,402</u>
CURRENT ASSETS			
Loans and advances	10	13,259,983	3,829,445
Prepayments	11	1,024,211	3,801,448
Accrued interest		2,921,104	563,298
Other receivables		761,245	1,509,126
Short term investments	12	411,217,887	264,678,196
Cash and bank balances	13	86,320,650	131,376,958
		<u>515,505,080</u>	<u>405,758,471</u>
		<u>707,637,095</u>	<u>481,315,873</u>
TOTAL ASSETS			
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted			
General fund to meet operational deficit		385,260,467	355,301,121
Restricted			
Strategic fund	14	299,196,669	100,000,000
Zakat fund	14	9,437,091	24,382,502
		<u>308,633,760</u>	<u>124,382,502</u>
NON CURRENT LIABILITIES			
Long term loan	15	5,484,000	-
		<u>5,484,000</u>	<u>-</u>
CURRENT LIABILITIES			
Accrued liabilities		5,892,976	1,632,250
Payable to provident fund		2,365,892	-
		<u>8,258,868</u>	<u>1,632,250</u>
TOTAL FUND AND LIABILITIES		<u>707,637,095</u>	<u>481,315,873</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 29 form an integral part of these financial statements.


DIRECTOR


DIRECTOR

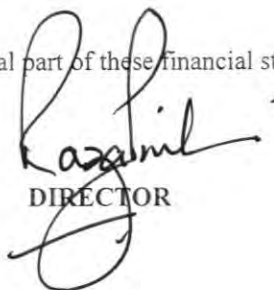

CHIEF EXECUTIVE OFFICER

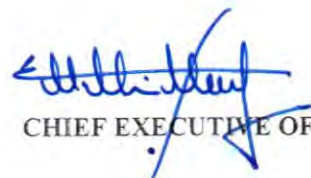
FAMILY EDUCATIONAL SERVICES FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Income from Operating activities	17	328,861,370	240,862,804
Other income	20	38,703,641	13,028,499
		<u>367,565,011</u>	<u>253,891,303</u>
EXPENDITURE			
Operational expenses	18	297,533,676	209,836,942
Administrative expenses	19	29,908,710	11,808,076
Other expenses	21	9,821,537	6,460,053
Finance cost		341,742	131,339
		<u>337,605,665</u>	<u>228,236,410</u>
Net Surplus for the year		<u>29,959,346</u>	<u>25,654,893</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

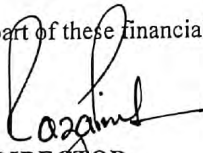
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FAMILY EDUCATIONAL SERVICES FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Unrestricted General Fund	Restricted			Zakat Fund	Total
		Strategic Fund				
		From Government	From Others	Total		
-----Rupees-----						
Balance as at July 1, 2020 (restated)	329,646,228	-	-	-	-	329,646,228
Surplus transferred from income and expenditure account	25,654,893	-	-	-	-	25,654,893
Funds received	-	100,000,000	-	100,000,000	35,328,255	135,328,255
Funds utilised	-	-	-	-	(10,945,753)	(10,945,753)
Balance as at June 30, 2021	<u>355,301,121</u>	<u>100,000,000</u>	<u>-</u>	<u>100,000,000</u>	<u>24,382,502</u>	<u>479,683,623</u>
Balance as at July 01, 2021	355,301,121	100,000,000	-	100,000,000	24,382,502	479,683,623
Surplus transferred from income and expenditure account	29,959,346	-	-	-	-	29,959,346
Funds received	-	150,000,000	49,196,669	199,196,669	46,191,611	245,388,280
Funds utilised	-	-	-	-	(61,137,022)	(61,137,022)
Balance as at June 30, 2022	<u>385,260,467</u>	<u>250,000,000</u>	<u>49,196,669</u>	<u>299,196,669</u>	<u>9,437,091</u>	<u>693,894,227</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.


DIRECTOR

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DIRECTOR


CHIEF EXECUTIVE OFFICER

FAMILY EDUCATIONAL SERVICES FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	29,959,346	25,654,893
Adjustments for:		
Depreciation	13,127,328	11,258,459
Amortisation	118,841	116,700
(Gain) / Loss on disposal of operating fixed assets	(6,926,542)	18,885
Gain on disposal of investments	(5,921,317)	(1,903,131)
Bad debts written off	-	2,000
Finance cost - bank charges	341,742	131,339
Dividend income	(5,173,508)	(8,860,061)
Unrealised gain on remeasurement of investments	(87,790)	(210,699)
	25,438,100	26,208,385
(Increase) / decrease in current assets:		
Loans and advances	(9,430,538)	(980,138)
Prepayments	2,777,237	(1,218,676)
Accrued interest	(2,357,806)	(455,293)
Other receivables	747,881	(948,328)
	(8,263,226)	(3,602,435)
Increase / (decrease) in current liabilities:		
Accrued liabilities	4,260,726	(3,011,589)
Payable to provident fund	2,365,892	(406,339)
	6,626,618	(3,417,928)
Cash flow generated from operations	23,801,492	19,188,022
Finance cost paid	(341,742)	(131,339)
Net cash generated from operating activities	23,459,750	19,056,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments (made) / encashed - net	(235,339,113)	(123,188,285)
Additions to operating fixed assets	(29,999,791)	(13,756,217)
Addition to intangible asset	(37,234)	-
Proceeds from disposal of operating fixed assets	8,844,000	62,451
Long term security deposits released / (given)	(100,000)	226,010
Long term loans	(1,619,178)	(2,583,996)
Net cash used in investing activities	(258,251,316)	(139,240,037)
CASH FLOWS FROM FINANCING ACTIVITIES		
Strategic funds received	199,196,669	100,000,000
Zakat funds (utilised) / received	(14,945,411)	24,382,502
Long term loan received	5,484,000	-
Net cash generated from financing activities	189,735,258	124,382,502
Net (decrease) / increase in cash and cash equivalents	(45,056,308)	4,199,148
Cash and cash equivalents - at the beginning of the year	131,376,958	127,177,810
Cash and cash equivalents - at the end of the year	86,320,650	131,376,958

The annexed notes from 1 to 29 form an integral part of these financial statements.


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER

**FAMILY EDUCATIONAL SERVICES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1 NATURE AND STATUS OF BUSINESS

Family Educational Services Foundation ('the Foundation') was established in 2002 as a limited company [registered under Section 42 of the Companies Act, 2017 (previously the Companies Ordinance, 1984)]. It is a non profit educational voluntary organisation and is rendering services in the field of education, teacher training and academic / voluntary training for deaf students. The registered office of the Foundation is located at Deaf Reach School and Training Centre, Gulistan-e-Jauhar, Block-12, behind CNG Station, near telephone exchange, Karachi, Sindh, Pakistan. Currently, the Foundation is managing following projects:

- Deaf Reach Training Centre;
- Eduserve Training Program;
- Distance Learning Program;
- Pakistan Sign Language Program.

The geographical location and address of business unit are as under:

Location

Karachi - Head office	Deaf Reach School and Training Centre, Gulistan-e-Jauhar, Block-12, behind CNG Station, near telephone exchange, Karachi
Rashidabad	Deaf Reach School, Rashidabad, Tando Allah Yar, Sindh
Hyderabad	House No. 282, Deh Sari Dhoraji, opposite Rani Bagh
Nawabshah	Essar Pura, opposite Haji Naseer Qabristan, New Sabzi Mandi Road
Sukkur	Inside GVIB – Govt. Polytechnic Institute, Qureshi Goth Road, near Shar chowk, Golimar

Location

Lahore	14-Hunza Block, Main Boulevard, Allama Iqbal Town
Jhelum	Naqeeb Plaza, Kala Gujran Morr, G. T. Road, Jhelum

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 Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the institute of Chartered Accountants of Pakistan as notified under the companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis unless stated otherwise.

These financial statements are prepared following accrual basis of accounting except for cash flows information.

The preparation of these financial statements in conformity with accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Foundation's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of accounting 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 the 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets (note 3.1);
- Useful lives, residual values and amortisation method of intangible asset (note 3.2);
- Provision for retirement benefit obligation (note 3.7); and
- Impairment of financial and non - financial assets (note 3.10.2 and 3.3).

2.5 Change in accounting standards, interpretations and amendments to accounting and reporting standards

2.5.1 New standards, amendments and interpretations to accounting and reporting standard which were effective during the year:

The following standards, amendments and interpretations are effective for the year ended

		Effective for the period beginning on or after
Multiple	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
IFRS-16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	April 1, 2021

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

Standard or Interpretation

IAS 1	Presentation of Financial Statements & Accounting Policies -Amendments regarding the classification of liabilities	January 1, 2023
IAS 12	Income Taxes -Amendments regarding deferred tax on leases and decommissioning obligations	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors 'Definition of Accounting Estimates (Amendments to IAS 8)'	January 1, 2023
IAS 16	Property, Plant and Equipment- Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the cost of fulfilling a contract when assessing whether a contract is onerous	January 1, 2022
IFRS 3	Business Combinations - Amendments to IFRS 3 to update a reference to the Conceptual Framework	January 1, 2022
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
IFRS 16	Leases - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and amendments are not expected to have any material impact on the Foundation's financial statements in the period of initial application.

2.5.3 Standards not yet notified by Securities and Exchange Commission of Pakistan

Following are the new standards issued by International Accounting Standards Board which are not yet notified by Securities and Exchange Commission of Pakistan.

Standard or Interpretation

IFRS 1	First time adoption of IFRS	January 01, 2004
IFRS 17	Insurance contracts	January 01, 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating Fixed Assets

Owned

Operating assets, except leasehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Leasehold land is stated at cost.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation is charged to the statement of income and expenditure using the reducing balance method at the rates specified in the note 5 to the financial statements. Proportionate depreciation is charged for addition and disposal of assets during the year.

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

Gains or losses on disposal of property and equipment are taken to income and expenditure account.

The residual values and useful lives of operating fixed assets are reviewed and adjusted, if appropriate, at each reporting date.

3.2 Intangible Asset

Intangible asset is stated at cost less amortisation using straight line method at the rates stated in note 6 to the financial statements.

Amortisation is charged from the month in which the amortisable assets are available for use and on disposal, up to the month of disposal.

Gains or losses arising from the retirement or disposal of intangible assets are recognised in the statement of income and expenditure.

The Foundation reviews the residual value and useful life of the intangible asset for possible impairment on an annual basis. The effect of changes in estimate is accounted for on prospective basis.

3.3 Impairment of non-financial assets

The Foundation assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of income and expenditure. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

3.4 Loans to employees

Loans to employees are carried at original amount less current maturity of the loans and provision is made for the doubtful loans based on review of all outstanding amounts at each reporting date. The effect of measurement of these loans at amortised cost is not material in the overall context of these financial statements.

3.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, current and deposit accounts held with banks.

3.6 Taxation

The Foundation has been approved as a non - profit organisation under Section 2(36)(c) of the Income Tax Ordinance, 2001 (the Ordinance). The Foundation is allowed 100% tax credit against the tax liability including minimum tax and final taxes, under Section 100C of the Ordinance. The management intends to avail a tax credit equal to 100% of the tax payable. Accordingly, no tax charge has been recorded in the financial statements.

3.7 Retirement benefit obligation - defined contribution plan

The Foundation also operates a voluntary provident fund scheme for permanent employees. Contributions to fund are made monthly by the Foundation and employee at the rate of 8.33% of the basic salary. The Foundation's contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

3.8 Income recognition

Donations for operation of projects are recognised as income as and when received.

Donation in kind is recognised at fair value when received. If the fair value of donated asset exceeds the capitalisation limit, it is recognised as an item of operating fixed assets in accordance with the Foundation's policy and the amount of donation is recognised as deferred income and amortised over the useful life of asset from the date asset is available for intended use. Donation received in kind which are below the capitalisation limit are recognised as income for the year.

Income from voluntary participation from parents are recognised as and when received.

Dividend income is recognised when the right to received dividend is established.

Income on deposit accounts is recognised on a time proportionate using the effective rate of return.

3.9 Allocation of expenses

All the expenses incurred by the Foundation are apportioned between administrative and management expenses and operational expenses as per defined percentages approved by the Board of Directors.

3.10 Financial instruments

3.10.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at amortised cost

Instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through income and expenditure (FVTIE) (as per IFRS-9 called as FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost are measured at fair value through income and expenditure (FVTIE). Specifically, investment in mutual funds are classified as at FVTIE.

Financial assets at FVTIE are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statement of income and expenditure.

3.10.2 Impairment of financial assets

For financial assets, the Foundation recognises lifetime Expected Credit Losses (ECL) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Foundation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The ECL is estimated as the difference between all contractual cash flows that are due to the Foundation in accordance with the contract and all the cash flows that the Foundation expects to receive, discounted at the original effective interest rate.

3.10.3 Financial liabilities

All financial liabilities are recognised initially at fair value less directly attributable cost, if any, and subsequently measured at amortised cost.

Derecognition of financial liabilities

The Foundation derecognises financial liabilities when, and only when, the Foundation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of income and expenditure.

3.11 Off setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Foundation intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3.12 Foreign currency transactions and translation

Foreign currency transactions are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities, denominated in foreign currencies are translated into reporting currency equivalents using reporting date spot foreign exchange rates. Non-monetary assets / liabilities are translated using exchange rates that existed when these were initially recognised.

Gains or losses arising on retranslation are included in the statement of income and expenditure for the period.

4 RESTRICTED FUND

4.1 Strategic Fund

It represents fund received from Sindh government and other donors to create sustainability of the Deaf Reach Schools system in the province of Sindh. The Board has decided to invest these funds (restricted fund) and only utilize the return earned thereon to cover expenses pertaining to project specific grant.

4.2 Zakat Fund

Zakat fund mainly include amount received in the Holy month of Ramadan. Such funds are used for operational purposes of the Foundation as per approved under shahriah principles.

5 OPERATING FIXED ASSETS

Particulars	Region				Total	
	Karachi, Hyderabad and Lahore	Sukkur	Nawabshah	Rashidabad	2022	2021
Note	5.1	5.2	5.3	5.4		
	----- Rupees -----					
Furniture and fittings	15,754,101	558,305	755,191	7,860,045	24,927,642	21,125,255
Vehicles	15,535,726	376,794	401,872	4,032,573	20,346,965	13,468,889
Office equipment	17,708,539	3,707,798	2,402,325	6,853,254	30,671,916	27,981,600
Computer equipment	7,466,905	113,886	558,624	87,148	8,226,563	6,404,544
Office renovation	2,097,450	-	42,685	-	2,140,135	2,377,928
Total-2022	58,562,721	4,756,783	4,160,697	18,833,020	86,313,221	71,358,216
Total-2021	42,787,521	4,615,013	4,411,065	19,544,617	-	-

5.1 Karachi, Hyderabad and Lahore region

Particulars	COST				ACCUMULATED DEPRECIATION				Carrying Value as at June 30, 2022	Rate %
	Cost at July 01, 2021	Additions/ Transfer	Disposal	Cost at June 30, 2022	Accumulated Depreciation at July 01, 2021	For the Year	Disposal	Accumulated Depreciation as at June 30, 2022		
	----- Rupees -----									
Furniture & fixtures	19,093,856	5,934,600	-	25,028,456	7,960,476	1,313,879	-	9,274,355	15,774,101	10
Vehicles	24,720,500	13,400,000	(7,189,300)	30,931,200	17,265,659	3,401,657	(5,271,842)	15,395,474	15,535,726	20
Office equipments	31,588,306	3,034,506	-	34,622,812	15,106,225	1,808,048	-	16,914,273	17,708,539	10
Computer Equipment	17,688,206	4,658,779	-	22,346,985	12,301,487	2,578,593	-	14,880,080	7,466,905	33
Office Renovation	4,472,573	-	-	4,472,573	2,142,073	233,050	-	2,375,123	2,097,450	10
Total-2022	97,563,441	27,027,885	(7,189,300)	117,402,026	54,775,920	9,335,227	(5,271,842)	58,839,305	58,562,721	
Total-2021	84,280,094	13,332,914	(49,567)	97,563,441	47,917,765	6,873,087	(14,932)	54,775,920	42,787,521	

5.2 Sukkur Office

Furniture and fittings	1,436,020	186,881	-	1,622,901	1,016,629	47,967	-	1,064,596	558,305	10
Vehicles	5,483,353	-	-	5,483,353	5,012,361	94,198	-	5,106,559	376,794	20
Office equipment	6,544,279	493,471	-	7,037,750	2,949,934	380,018	-	3,329,952	3,707,798	10
Computer equipment	460,498	40,314	-	500,812	330,213	56,713	-	386,926	113,886	33
Total-2022	13,924,150	720,666	-	14,644,816	9,309,137	578,896	-	9,888,033	4,756,783	
Total-2021	13,829,600	94,550	-	13,924,150	8,686,222	622,915	-	9,309,137	4,615,013	

5.3 Nawabshah Office

Particulars	COST				ACCUMULATED DEPRECIATION				Carrying Value as at June 30, 2022	Rate %
	Cost at July 01, 2021	Additions/ Transfer	Disposal	Cost at June 30,2022	Accumulated Depreciation at July 01, 2021	For the Year	Disposal	Accumulated Depreciation as at June 30,2022		
	-----Rupees-----									
Furniture and fittings	2,098,252	-	-	2,098,252	1,259,151	83,910	-	1,343,061	755,191	10
Vehicles	3,400,400	-	-	3,400,400	2,898,060	100,468	-	2,998,528	401,872	20
Office equipment	3,990,562	416,618	-	4,407,180	1,765,724	239,131	-	2,004,855	2,402,325	10
Computer equipment	2,741,039	40,314	-	2,781,353	1,943,681	279,048	-	2,222,729	558,624	33
Office renovation	126,742	-	-	126,742	79,314	4,743	-	84,057	42,685	10
Total-2022	12,356,995	456,932	-	12,813,927	7,945,930	707,300	-	8,653,230	4,160,697	
Total-2021	12,344,665	24,630	(12,300)	12,356,995	7,082,838	868,111	(5,019)	7,945,930	4,411,065	

5.4 Rashidabad region

Furniture and fittings	16,111,619	-	-	16,111,619	7,378,236	873,338	-	8,251,574	7,860,045	10
Vehicles	10,311,204	-	-	10,311,204	5,270,488	1,008,143	-	6,278,631	4,032,573	20
Office equipment	10,520,324	1,753,995	-	12,274,319	4,839,988	581,077	-	5,421,065	6,853,254	10
Computer equipment	1,370,565	40,313	-	1,410,878	1,280,383	43,347	-	1,323,730	87,148	33
Total-2022	38,313,712	1,794,308	-	40,108,020	18,769,095	2,505,905	-	21,275,000	18,833,020	
Total-2021	38,068,589	304,123	(59,000)	38,313,712	15,894,329	2,894,346	(19,580)	18,769,095	19,544,617	

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

5.5 Depreciation charged during the year has been allocated as follows:

Operating expenses	18	11,814,595	10,132,613
Administrative expenses	19	1,312,733	1,125,846
		<u>13,127,328</u>	<u>11,258,459</u>

	Note	2022 Rupees	2021 Rupees
6 INTANGIBLE ASSET			
Computer software Cost			
Balance as at July 01		1,166,988	1,166,988
Addition during the year		37,234	-
Balance as at June 30		<u>1,204,222</u>	<u>1,166,988</u>
Less: Amortisation for the year			
Balance as at July 01		786,467	669,767
Charge for the year	19	118,841	116,700
Balance as at June 30		<u>(905,308)</u>	<u>(786,467)</u>
Carrying value as at June 30		<u>298,914</u>	<u>380,521</u>
Amortisation rate per annum (%)		10%	10%
7 LONG TERM INVESTMENTS			
At amortized cost			
Government Securities-Sukuk			
GOP Ijarah Sukuk (Fixed)		100,774,069	-
Less: Current portion		<u>(792,032)</u>	<u>-</u>
		<u>99,982,037</u>	<u>-</u>
7.1	This includes GOP ijarah sukuk certificates with face value of Rs.96.5 million carrying a coupon rate of 11.40%. The transaction took place on February 16, 2022 and will mature on December 15, 2026. The effective rate of interest is 10.15%.		
8 LONG TERM LOANS			
Considered good			
Vehicle loans to employees			
Car loan		6,334,642	4,217,852
Bike loan		536,426	205,118
		6,871,068	4,422,970
Less: current portion	10	<u>(1,957,988)</u>	<u>(1,129,068)</u>
		<u>4,913,080</u>	<u>3,293,902</u>
8.1	These are interest free loans recoverable in monthly installments over a period ranging from 1 to 5 years. These loans are secured against employees' provident fund.		

	Note	2022 Rupees	2021 Rupees
9	LONG TERM DEPOSITS		
	Against		
	Rent	200,000	200,000
	Utilities	424,763	324,763
		<u>624,763</u>	<u>524,763</u>
10	LOANS AND ADVANCES		
	Unsecured - Considered good		
	Cash loans to employees	3,264,959	1,473,414
	Current portion of long term loans	8	1,129,068
	Advance to suppliers	7,837,036	1,226,963
	Advance Tax	200,000	-
		<u>13,259,983</u>	<u>3,829,445</u>
11	PREPAYMENTS		
	Prepaid insurance	11.1	1,007,261
	Prepaid rent		-
	Prepaid expenses		16,950
			<u>3,614,255</u>
		<u>1,024,211</u>	<u>3,801,448</u>
11.1	It includes represents prepaid insurance against assets of the Foundation insured against fire, theft, etc.		
12	SHORT TERM INVESTMENTS		
	Amortised cost		
	Term deposit receipts		
	Meezan Bank Limited	12.1	350,600,000
	At fair value through income and expenditure		
	Mutual funds		
	NAFA Islamic Mahana Amdani Fund		-
	UBL Al Ameen Islamic Sovereign Fund		-
	Atlas Islamic Income Fund		38,060,255
	Meezan Rozana Amdani Fund		21,765,600
	Meezan Islamic Income Fund - Growth B		-
		12.2	59,825,855
	At fair value		
	Government Securities-Sukuk		
	Current portion		792,032
			<u>411,217,887</u>
			<u>264,678,196</u>

12.1 These investments carry mark-up at the rate of 12.64% to 12.9% (2021: 4% to 7.81%) per annum.

12.2 Details of investment in mutual funds are as follows:

	No. of Units	Carrying value at June 30, 2022	Fair value at June 30, 2022	Unrealised gain
Atlas Islamic Income Fund	75,062	37,972,465	38,060,255	87,790
Meezan Rozana Amdani Fund	435,312	21,765,600	21,765,600	-
Total		59,738,065	59,825,855	87,790

	No. of Units	Carrying value at June 30, 2021	Fair value at June 30, 2021	Unrealised gain
NAFA Islamic Mahana Amdani Fund	9,890,640	99,304,945	99,394,006	89,061
UBL Al Ameen Islamic Sovereign Fund	343,923	34,785,745	34,838,296	52,551
Atlas Islamic Income Fund	68,743	34,709,724	34,775,925	66,201
Meezan Rozana Amdani Fund	400,382	20,015,330	20,019,089	3,759
Meezan Islamic Income Fund	989	51,752	50,880	(872)
Total		188,867,496	189,078,196	210,700

	Note	2022 Rupees	2021 Rupees
13 CASH AND BANK BALANCES			
Cash in hand		581,836	390,262
Cash at banks:			
Local currency			
Current accounts	13.1	64,714,014	108,417,011
Deposit accounts	13.2	21,024,472	21,962,663
		85,738,486	130,379,674
Foreign currency			
Current accounts		328	607,022
		<u>86,320,650</u>	<u>131,376,958</u>

13.1 An amount of Rs.Nil (2021: 1,349,812) had been marked as lien against guarantee provided by Meezan Bank Limited in favour of GoS but this has been released by the bank on completion of project during the last financial year.

13.2 These carry markup at the rate of 2.8% to 6.5% (2021: 3.5% to 7%) per annum.

14 RESTRICTED FUNDS

14.1 Strategic Funds

This represents funds amounting to Rs.299,196,669 (2021: 100,000,000) from Sindh government and other donors to the Deaf Reach Schools in Sindh to create sustainability. The Board has decided to invest these funds (restricted fund) and only utilize the return earned thereon to cover expenses pertaining to project specific grant.

14.2 Zakat Funds

This represents zakat received during the period amounting to Rs. 9,437,091 (2021: 24,382,502) and which remained un-utilized during the period.

15 LONG TERM LOAN

This represent an amount received from the Sindh Education Foundation (SEF) for improving/ reconstructing/ expanding the school's infrastructure for creating a conducive learning environment. The term of interest free loan shall be five years and repayable in full amount at maturity date i.e June 2026.

16 CONTINGENCY AND COMMITMENTS

16.1 Contingency

There is no contingency as at June 30, 2022 and June 30, 2021.

16.2 Commitments

There is no commitment as at June 30, 2022 and June 30, 2021.

	Note	2022 Rupees	2021 Rupees
17 INCOME FROM OPERATING ACTIVITIES			
Donations	17.1	317,202,436	190,451,436
Donation in kind	17.2	4,689,364	11,552,841
Voluntary participation from community	17.3	6,969,570	2,434,897
Distance Learning Program	17.4	-	36,423,629
	17.5	<u>328,861,370</u>	<u>240,862,804</u>

	Note	2022 Rupees	2021 Rupees
17.1 Donations			
Designated for specific projects:			
- Nawabshah project		20,000,000	12,000,000
- KYI project		5,759,402	17,668,669
- DKI project		2,768,276	4,459,387
- CISCO Project		364,214	4,817,045
		<u>28,891,892</u>	<u>38,945,101</u>
Non-designated	17.1.1 - 17.1.5	<u>288,310,544</u>	<u>151,506,335</u>
		<u><u>317,202,436</u></u>	<u><u>190,451,436</u></u>
17.1.1	It includes sponsorships received from Department for International Development amounting to Rs. Nil (2021: 10,223,175). These funds are utilised according to the agreement.		
17.1.2	It also includes the zakat amount received from COIN amounting to Rs. 2,107,406 (2021: 1,473,540) and utilized as per agreement		
17.1.3	It also includes the amount received from COH amounting to Rs. 1,327,917 (2021: 821,060) and utilized as per agreement		
17.1.4	It includes zakat amount received from Zakat & Usher Department- Govt of Sindh amounting to Rs. 5,000,000 (2021: Rs. 5,000,000)		
17.1.5	It includes amount received from PPAF amounting to Rs. 34,919,760 (2021: Rs. 24,364,586) and received from Sindh Education Foundation of Rs. 9,675,230 (2021: Nil) and such amounts has been utilized as per agreement.		
17.2	It includes Rs. 4,026,950 (2021: Rs.1,704,930) and Rs. 662,414 (2021: Rs. 599,015) in respect of items of necessities and insurance services respectively. Further, it includes donated assets received during the period amounting to Rs. Nil (2021: 9,248,896).		
17.3	This represents voluntary payments from the community of students against the educational services being rendered by the Foundation.		
17.4	This represents amounts received from donors for online Distance learning program due to Covid-19 situation. Due to uncertainty regarding the re-opening of schools, the Deaf Reach Management worked towards developing the Distance Learning Program- an initiative towards Technology based Deaf Education for all Deaf Reach students to ensure inclusivity for the Deaf Community.		

	Note	2022 Rupees	2021 Rupees
17.5	Major sources of donations are as follows:		
	Funds from Government and others	70,459,072	55,518,000
	Donations from individuals - Foreign	11,302,041	11,305,100
	Donations from corporate sector - Foreign	38,315,150	17,470,874
	Donations from individuals - Local	52,385,124	22,953,859
	Donations from corporate sector - Local	99,856,314	95,027,214
	Donations from other Not-for-profit organisations	56,543,669	38,587,757
		<u>328,861,370</u>	<u>240,862,804</u>

18 OPERATIONAL EXPENSES

	Salaries and other benefits	18.1	171,715,081	118,485,911
	Eduserve program		8,049,696	7,853,567
	Depreciation	5.5	11,814,595	10,132,613
	Events, function and fund raising program		15,440,873	5,397,390
	Repair and maintenance		20,927,605	7,204,399
	Vehicle running expense		16,724,762	6,021,780
	Utilities		9,918,831	6,785,517
	Student benefits		12,173,782	6,769,152
	Rent, rates and taxes		3,838,680	3,025,262
	Training costs		2,408,792	2,288,958
	Transportation		1,369,978	1,072,780
	Community service		91,777	1,638,010
	Printing and stationery		3,196,303	1,312,132
	Postage and communication		3,381,499	2,850,933
	Insurance		4,722,055	1,087,341
	Hospitality		590,512	387,841
	Consultancy and professional charges		1,257,512	383,350
	Pakistan Sign Language Program		489,328	1,038,444
	Distance Learning Program		9,422,015	26,101,562
			<u>297,533,676</u>	<u>209,836,942</u>

18.1 Salaries and other benefits include Rs. 6,277,190 (2021: Rs. 4,363,528) in respect of employees' provident fund.

	Note	2022 Rupees	2021 Rupees
19 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	19.1	19,079,293	6,722,501
Depreciation	5.5	1,312,733	1,125,846
Utilities		1,041,333	1,582,421
Events, function and fund raising program		1,715,653	303,683
Repair and maintenance		2,325,290	601,922
Rent, rates and taxes		426,520	388,089
Transportation		152,220	116,865
Printing and stationery		355,145	145,792
Vehicle running expense		1,858,307	217,402
Amortisation	7	118,841	116,700
Hospitality		65,612	43,094
Insurance		524,673	67,949
Auditors' remuneration		150,000	125,000
Training costs		267,644	101,378
Postage and communication		375,722	114,881
Consultancy and professional charges		139,724	34,553
		<u>29,908,710</u>	<u>11,808,076</u>

19.1 Salaries and other benefits include Rs.697,466 (2021: Rs. 484,836) in respect of employees' provident fund.

20 OTHER INCOME

Profit on deposit accounts	20,546,120	2,033,077
Exchange gain	48,364	-
Gain on disposal of operating fixed assets	6,926,542	21,531
Gain on disposal of investments	5,921,317	1,903,131
Dividend income	5,173,508	8,860,061
Unrealised gain on investments	87,790	210,699
	<u>38,703,641</u>	<u>13,028,499</u>

	2022 Rupees	2021 Rupees
21 OTHER EXPENSES		
Loss on disposal of operating fixed assets	-	40,416
Donation processing charges	1,534,984	597,769
Groceries and cleaning items	4,025,706	2,166,679
Exchange loss - net	-	39,402
Bad debts written off	-	2,000
Others	4,260,847	3,613,787
	<u>9,821,537</u>	<u>6,460,053</u>

22 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Executives	
	2022	2021	2022	2021
Managerial remuneration	4,863,280	3,949,836	38,183,644	38,528,703
Number of person	1	1	12	12

The Board of Directors have not drawn any remuneration from the Foundation.

23 RELATED PARTY TRANSACTIONS

Related parties comprise retirement benefit fund and key management personnel. The Foundation has not executed any transaction with related party during the year except for remuneration to the Chief Executive Officer and Executives as disclosed in note 22 to these financial statements.

24 NUMBER OF EMPLOYEES

Number of employees as at year end	<u>348</u>	<u>280</u>
Average number of employees during the year	<u>314</u>	<u>275</u>

	2022 Rupees	2021 Rupees
25 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		
25.1 Financial instruments by category		
Financial assets		
At amortised cost		
Investment in monthly term deposit receipts	350,600,000	75,600,000
Long term loans (including current portion)	6,871,068	4,422,970
Long term deposits	624,763	524,763
Loans to employees	3,264,959	1,473,414
Accrued interest	2,921,104	563,298
Other receivables	761,245	1,509,126
Cash and bank balances	86,320,650	131,376,958
	<u>451,363,789</u>	<u>215,470,529</u>
At fair value through income and expenditure		
Investment in mutual funds	<u>59,825,855</u>	<u>189,078,196</u>
Financial liabilities		
At amortised cost		
Accrued liabilities	5,892,976	1,632,250
Payable to provident fund	2,365,892	-
	<u>8,258,868</u>	<u>1,632,250</u>

25.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's financial risk management. The responsibility includes developing and monitoring the Foundation's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Foundation's financial risk exposures. The Foundation has exposure to the risks associated with the financial instruments and the risk management policies and procedures summarised as follows:

25.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, relevant financial institution or counter parties, in case of placements or other arrangements, to fulfill their obligations.

Exposure to credit risk

Credit risk of the Foundation mainly arises from balances with banks, long term deposits, loan to employees, investments and other receivables on account of provision of different services.

The maximum exposure to credit risk at the reporting date is as follows:

	2022 Rupees	2021 Rupees
Long term loans (including current portion)	6,871,068	4,422,970
Long term deposits	624,763	524,763
Loans to employees	3,264,959	1,473,414
Investments	411,217,887	264,678,196
Accrued interest	2,921,104	563,298
Other receivables	761,245	1,509,126
Bank balances	85,738,814	130,986,695
	<u>511,399,840</u>	<u>404,158,462</u>

Long term loans

The Foundation does not expect material loss as such loan is collateralised against the final settlement and retirement benefit accruing to the respective employees who availed the loan.

Long term deposits

The Foundation has deposited various amounts as security to suppliers against provision of different services. The management does not expect to incur material losses on such deposits and consider such amount is receivable upon termination of service contract from respective suppliers.

Loans and advances

The Foundation has given cash loans to employees. The management does not expect to incur material losses as loans are collateralised against the final settlement of employees.

Investments

The Foundation has invested in term deposit receipts of Meezan Bank Limited which has AA+ rating. The Foundation has also invested in mutual funds managed by Al Meezan Investment Management Limited and Atlas Asset Management Limited have ratings in the range of AA(f)- to AA(f).

Accrued interest

The Foundation has accrued interest on Modaraba certificates of Meezan Bank Limited which has AA+ rating.

Other receivables

This includes receivable from employees against payment to a health insurance company on their behalf. The Foundation does not expect to incur material losses on other receivables as it is collateralised against the final settlement of employees.

Bank balances

For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. The credit quality of cash at banks as per credit rating agencies are as follows:

Name of banks	Rating	
	Short term	Long term
Habib Bank Limited	A1+	AAA
Meezan Bank Limited	A1+	AAA
Allied Bank Limited	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA
MCB Bank Limited	A1+	AAA
United Bank Limited	A1+	AAA
Sindh Bank Limited	A1	A+
Silk Bank Limited	A2	A-

25.2.2 Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation finances its operations through donations and profits from investments with a view to maintaining an appropriate mix between various sources of finances to minimise risk.

The following are the contractual maturities of financial liabilities:

	2022		
	Contractual cash flows	Upto one year	More than one year
	-----Rupees-----		
Non-derivative financial liabilities			
Long term loan	5,484,000	-	5,484,000
Accrued liabilities	5,892,976	-	5,892,976
Payable to provident fund	2,365,892	-	2,365,892
	<u>13,742,868</u>	<u>-</u>	<u>13,742,868</u>

	2021		
	Contractual cash flows	Upto one year	More than one year
	-----Rupees-----		
Accrued liabilities	1,632,250	-	1,632,250
Payable to provident fund	-	-	-
	<u>1,632,250</u>	<u>-</u>	<u>1,632,250</u>

25.2.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Foundation's income or the value of its holdings of financial instruments.

25.2.3.1 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. Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency.

Currently, the Foundation is exposed to currency risk on account of foreign currency bank accounts.

	2022 Rupees	2021 Rupees
Foreign currency bank accounts	<u>328</u>	<u>607,022</u>

The following exchange rates have been applied:

Euro to PKR	<u>215.75</u>	<u>188.71</u>
USD to PKR	<u>206.00</u>	<u>158.30</u>

Currency risk sensitivity analysis

At reporting date, if the Rupee is strengthened / weakened by 10% against the US dollar and Euro, with all other variables held constant, surplus for the year would have been lower/higher by Rs. 33 (2021: Rs. 60,702) mainly as a result of net foreign exchange loss / gain on translation of foreign currency bank accounts. This analysis assumes that all other variables, in particular interest rates, remain constant. The sensitivity analysis is performed on the same basis as for 2021.

25.2.3.2 Interest rate risk

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

The Foundation has significant interest bearing assets where interest rate risk may arise due to fluctuations in the rates. At the reporting date, the interest rate profile of the Foundation's interest bearing financial assets are:

	2022 Rupees	2021 Rupees
Financial assets		
Variable rate instruments		
Modaraba certificates	350,600,000	75,600,000
Deposit accounts	21,024,472	21,962,663
	<u>371,624,472</u>	<u>97,562,663</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (increased) / decreased surplus of income over expenditure by the amount shown below. This analysis assumes that all other variables remain constant. The analysis has been performed on the same basis as for 2021.

	<u>Effect on surplus of income</u>	
	<u>(Increase)</u>	<u>Decrease</u>
	-----Rupees-----	
As at June 30, 2022		
Cash flow sensitivity	<u>(205,461)</u>	<u>205,461</u>
As at June 30, 2021		
Cash flow sensitivity	<u>(20,331)</u>	<u>20,331</u>

25.2.3.3 Price risk

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). The Foundation is exposed to price risk with respect to equity investment. Investments are monitored through continuous trend prevailing in the market, leading to better management of funds in different investment avenues available in the market.

A 10% increase / (decrease) in share prices at year end would have increased / (decreased) the Foundation surplus in case of investments at fair value through income and expenditure as follows:

	<u>Surplus change due to 10% Increase</u>	<u>(Decrease)</u>
	-----Rupees-----	
As at June 30, 2022		
Investment at fair value through income and expenditure	<u>5,982,586</u>	<u>(5,982,586)</u>
	<u>Surplus change due to 10% Increase</u>	<u>(Decrease)</u>
	-----Rupees-----	
As at June 30, 2021		
Investment at fair value through income and expenditure	<u>18,907,820</u>	<u>(18,907,820)</u>

26 CAPITAL RISK MANAGEMENT

The Foundation is not exposed to any capital risk management as it has no borrowings from financial institutions and others.

27 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 all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair

- Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Foundation does not hold any financial instrument which can be classified under the above mentioned levels except for investment in mutual funds as follows:

	2022			Total
	Level 1	Level 2	Level 3	
Investment in mutual funds	59,825,855	-	-	59,825,855
	<u>59,825,855</u>	<u>-</u>	<u>-</u>	<u>59,825,855</u>

	2021			Total
	Level 1	Level 2	Level 3	
Investment in mutual funds	189,078,196	-	-	189,078,196
	<u>189,078,196</u>	<u>-</u>	<u>-</u>	<u>189,078,196</u>

There were no transfers between the levels during the year.

28 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for better presentation and disclosure.

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 07 OCT 2022 by the Executive Committee of the Foundation.


DIRECTOR


DIRECTOR


CHIEF EXECUTIVE OFFICER