



FINANCIAL STATEMENTS
OF
HISAAR FOUNDATION
(COMPANY LIMITED BY GUARANTEE
AND LICENSED UNDER SECTION 42
OF THE REPEALED COMPANIES ORDINANCE, 1984)
FOR THE YEAR ENDED
JUNE 30, 2022

BDO Ebrahim & Co. Chartered Accountants

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The Board of Governors
Hisaar Foundation
(Company limited by Guarantee
and licensed under Section 42 of repealed
Companies Ordinance, 1984)
Karachi.

October 06, 2022
H-58/AA-1319/22

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Ladies and Gentlemen:

We are pleased to enclose herewith two copies of draft financial statements together with our draft report duly initialled by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements have been approved by the Board of Governors and signed on their behalf by the Chief Executive and one other Governor and upon receipt of the following:

- a) Letter of representation addressed to us on behalf of Board of Governors as per draft provided by us.
- b) Board of Governors' resolution in respect of the following items:
 - Addition to operating fixed assets amounting to Rs. 0.502 million.
 - Additions to capital work in progress amounting to Rs. 12.179 million.
 - Transactions with related parties as disclosed in note 25 to the financial statements.
- c) Board of Governors' report as required under section 223(6) of the Companies Act, 2017.
- d) Bank Confirmation from Bank Al-Habib Limited.

Below are the matters which we would like to bring into attention of Board of Directors of the Company:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Company's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. UNIQUE DOCUMENT IDENTIFICATION NUMBER (UDIN)

To enhance public trust on auditor's report, the Institute of Chartered Accountants of Pakistan (ICAP) has issued a Directive 4.27, whereby it is required that every practicing chartered accountant will place UDIN generated from ICAP portal on the following reports:

- Auditors' Report on General Purpose Financial Statements
- Auditors' Report on Interim Financial Information
- Auditors' Report on Statement of Compliance with Code of Corporate Governance.

In order to obtain the UDIN, auditors are required to upload certain financial information of the reporting entity. Accordingly, we are required to upload the information on ICAP's portal for generation of UDIN. The ICAP, in its frequently asked questions, has assured that Client's confidential data would be entered by the concerned engagement partner himself and such data would not be available for any unauthorized use.

Compliance of the above ICAP Directive is mandatory and non-compliance will result in professional misconduct under Chartered Accountants Ordinance, 1961.

We hereby bring this into attention of the management and the Council of the Institute.

3. TAXATION

3.1 As per management, there is no impact of tax on financial statements as no tax is payable by the Company in accordance with section 100C of the Income Tax Ordinance, 2001. Section 100C has been introduced which states that the income of non-profit organizations, trusts or welfare institutions, as mentioned in sub-section (2) of the Income Tax Ordinance, 2001 shall be allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable under any of the provisions of Income Tax Ordinance, 2001, subject to the following conditions, namely:

- a) return has been filed;
- b) tax required to be deducted or collected has been deducted or collected and paid;
- c) withholding tax statements for the immediately preceding tax year have been filed.
- d) the administrative and management expenditure does not exceed 15% of the total receipts.

3.2 The Company received show cause notice dated August 16, 2018 from Federal Board of Revenue (FBR) on account of failure to deduct and pay withholding taxes under section 161(1A) of the Income Tax Ordinance, 2001 amounting to Rs. 0.795 million from payments of purchases and expenses made during Tax Year 2017. We have been informed by the management of the Company, final reply on the said notice was filed on December 07, 2018 and till date of this letter no further notice has been received from FBR in respect of the notice dated August 16, 2018.

3.3 The Company has tax refundable amounting to Rs. 1.272 million. These relate to tax withheld on profit earned on deposits in bank. Since the Company is not required to pay taxes under section 100C, therefore, it won't be able to adjust tax withheld by the bank on its bank profit, therefore, we require the Company to provide provision against the tax refundable as per the requirements IFRIC 23- Uncertainty over Income Tax treatment, based on the aging of advance tax paid. The Company may also consider to obtain exemption from deduction of withholding tax under section 151 from the Commissioner Inland Revenue (CIR).

4. SEGMENT REPORTING

As the Company is reporting grants and its related utilization in respect of multiple projects. We recommend management to apply segment reporting in order to improve reporting of its project expenses and income, including presentation of unallocated administrative expenses incurred from the project related grants.

5. FRAUD AND ERRORS

We have been informed by the management that no case of fraud and error has been brought to their knowledge during the year except for as disclosed and intimated to us by management.

6. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments as on the reporting date other than those disclosed in the financial statements.

7. COMPLIANCE WITH STATUTORY LAWS AND REGULATIONS

We have been informed by the management that there were no instances of non-compliance with applicable laws and regulations that would have financial reporting implications.

8. SUBSEQUENT EVENTS

We have been informed that there were no events subsequent to the report date which require adjustment or disclosure in the annexed financial statements.

9. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties other than those disclosed in the notes to the financial statements.

We take this opportunity to thank your staff for the courtesy and cooperation extended to us during the course of our audit.

Yours faithfully,



BDO EBRAHIM & CO.

Enclosed as above

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HISAAR FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of HISAAR FOUNDATION, (company limited by guarantee and licensed under Section 42 of the repealed Companies Ordinance, 1984), which comprise the statement of financial position as at June 30, 2022, and the related statement of income and expenditure, the statement of comprehensive income, 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 comprehensive income, 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 surplus, 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 comprehensive income, 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).

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

KARACHI

DATED: 07 OCT 2022

UDIN : AR202210166ILbjJ98hD



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

HISAAR FOUNDATION
(COMPANY LIMITED BY GUARANTEE
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	152,006,464	139,608,801
Long term deposits		<u>120,000</u>	<u>120,000</u>
		152,126,464	139,728,801
CURRENT ASSETS			
Advances	5	30,000	211,556
Other receivables	6	2,735,730	-
Short term prepayments	7	152,698	-
Tax refundable	8	1,272,175	1,201,647
Cash and bank balances	9	2,914,455	5,604,095
		<u>7,105,058</u>	<u>7,017,298</u>
TOTAL ASSETS		<u>159,231,522</u>	<u>146,746,099</u>
FUND AND LIABILITIES			
FUND			
General fund	10	4,581,062	4,190,354
NON CURRENT LIABILITIES			
Deferred capital grant	11	136,044,701	85,840,392
CURRENT LIABILITIES			
Deferred credit - unutilized grants	12	605,000	615,000
Other payables	13	18,000,759	56,100,353
		<u>18,605,759</u>	<u>56,715,353</u>
TOTAL FUND AND LIABILITIES		<u>159,231,522</u>	<u>146,746,099</u>
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHIEF EXECUTIVE


GOVERNOR

HISAAR FOUNDATION
(COMPANY LIMITED BY GUARANTEE
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Donation Income	15	1,915,806	2,152,110
Membership fee		25,000	25,000
Relief and emergency support income	16	1,909,000	3,602,555
Programme support income	17	23,159,867	22,556,970
Zakat ramzan appeal support income	18	6,207,637	4,181,801
Water conference support income	19	1,875,000	-
Other income		35,438	21,325
		35,127,748	32,539,761
EXPENDITURE			
Administrative expenses	20	7,478,197	4,668,436
Programme expenses	21	20,161,745	19,635,508
Relief and emergency support expenses	22	1,672,997	1,989,495
Water conference expenses	23	840,247	-
Zakat ramzan appeal expenses	24	4,573,130	1,767,195
Financial charges		10,724	11,560
		34,737,040	28,072,194
Net surplus for the year		390,708	4,467,566

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHIEF EXECUTIVE


GOVERNOR

**HISAAR FOUNDATION
(COMPANY LIMITED BY GUARANTEE
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
Net surplus for the year	390,708	4,467,567
Other comprehensive income	-	-
Total comprehensive income for the year	<u>390,708</u>	<u>4,467,567</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHIEF EXECUTIVE


GOVERNOR

HISAAR FOUNDATION
(COMPANY LIMITED BY GUARANTEE
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the year	390,708	4,467,567
Adjustment for items not involving movement of funds:		
Depreciation	283,041	134,513
Financial charges	10,724	11,560
Operating profit before working capital changes	684,473	4,613,640
Decrease in current assets		
Loans and advances	181,556	211,556
Prepaid rent	(152,698)	130,000
Other receivables	(2,735,730)	919,786
	(2,706,872)	1,261,342
Increase in current liabilities		
Other payables	(51,798,084)	7,433,202
Cash flows from operations	(53,820,483)	13,308,184
Financial charges paid	(10,724)	(11,560)
Taxes paid	(70,528)	(99,749)
Net cash (used in) / flows from operating activities	(53,901,735)	13,196,875
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating fixed assets	(502,140)	(678,523)
Addition to capital work in process	25,877,054	(90,532,768)
Long term deposits	-	60,000
Net cash flows from / (used in) investing activities	25,374,914	(91,151,291)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants received for PHWI	50,204,309	84,043,158
Grants received for other programmes	26,916,504	-
Grants utilized during the year	(26,926,504)	(30,279,506)
Net cash flows from financing activities	50,194,309	53,763,652
Net decrease in cash and cash equivalents	21,667,488	(24,190,764)
Cash and cash equivalents at the beginning of the year	5,604,095	29,794,859
Cash and cash equivalents at the end of the year	27,271,583	5,604,095

The annexed notes from 1 to 33 form an integral part of these financial statements. *km*


CHIEF EXECUTIVE


GOVERNOR

**HISAAR FOUNDATION
(COMPANY LIMITED BY GUARANTEE
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
Opening balance	4,190,354	(277,213)
Total comprehensive income for the year	390,708	4,467,567
Closing balance	<u>4,581,062</u>	<u>4,190,354</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHIEF EXECUTIVE


GOVERNOR

**HISAAR FOUNDATION
(COMPANY LIMITED BY GUARANTEE
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1 NATURE AND STATUS OF COMPANY

1.1 Legal status and operations

Hisaar Foundation ("the Company") was established under a license granted by the Securities and Exchange Commission of Pakistan under section 42 of the repealed Companies Ordinance, 1984 on January 14, 2003. The license was renewed by the Company in due course and the license is valid till November 2021. The main object of the Company is to promote and advance the welfare and the well being of the people of Pakistan and of other countries in the world. The geographical location and registered address of the Company is House No. F-11/1, Block-8, Clifton, Karachi. However, subsequent to the year end, the geographical location and registered address of the Company has changed to Office 3B, Plot 41/C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.

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 accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (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 for SMEs or the Accounting Standard for NPOs, 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, except as disclosed in relevant accounting policies.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 3.11.

2.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company and rounded off to the nearest rupee.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

3.1.1 In own use and depreciation

These are stated at cost less accumulated depreciation and impairment (if any). Depreciation is charged using the straight line method at the rates specified in the relevant note.

Depreciation on additions is charged from the month of addition and in case of deletion up to the month immediately preceding the deletion.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized if the recognition criteria are met.

3.1.2 Capital work in progress

Capital work-in-progress are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant category as and when assets are available for use intended by the user. Capital work-in-progress is stated at cost less any identified impairment loss.

3.2 Trade & other receivables

Trade & other receivables are recognized at normal amount which is fair value of the consideration to be received in future.

3.3 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

3.4 Cash and cash equivalent

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash in hand, balances at banks in current account.

3.5 Other payables

Liabilities for other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.6 Provisions

A provision is recognized in statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation.

3.7 Taxation

The Company has been allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable subject to the conditions specified under 100C of the Income Tax Ordinance, 2001, and therefore, no provision for tax has been made for the year.

3.8 Revenue recognition

Donations, fees and programme income are recognized on receipt basis.

Unrestricted grants are recognized in income and expenditure account on receipt basis.

Restricted grants received for revenue expenditure are treated as "Grant Income" upon utilization. Restricted grant received is credited to "Deferred Credit - Unutilized Grant" upon receipt of funds. This grant is transferred to income and expenditure account when conditions stipulated for its receipt have been complied with.

Grants not utilized are repayable and shown as "Deferred Credit – Unutilized Grant".

3.9 Deferred capital grant

Donations for purchase of property, plant and equipment and donation received in kind are taken to deferred capital grant. Funding for property, plant and equipment to be utilized are deferred and amortized over the estimated useful lives of related assets.

3.10 Related party transactions and transfer pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length.

3.11 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies.
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:

a) Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of operating assets. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

	Note	2022 Rupees	2021 Rupees
4 PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	846,066	626,967
Capital work in progress	4.2&4.3	151,160,398	138,981,834
		<u>152,006,464</u>	<u>139,608,801</u>

4.1 Operating fixed assets

Description	Owned				Total
	Office equipment	Computers	Furniture and fixtures	Leasehold Improvements	
	Rupees				
Net carrying value basis					
year ended June 30, 2022					
Opening net book value	215,079	155,954	56,893	199,041	626,967
Additions	322,640	167,500	12,000	-	502,140
Depreciation	(98,448)	(109,628)	(14,815)	(60,150)	(283,041)
Closing net book value	<u>439,271</u>	<u>213,826</u>	<u>54,078</u>	<u>138,891</u>	<u>846,066</u>
Gross carrying value basis					
year ended June 30, 2022					
Cost	992,749	810,553	368,674	240,600	2,412,576
Accumulated depreciation	(553,478)	(596,727)	(314,596)	(101,709)	(1,566,510)
Net book value	<u>439,271</u>	<u>213,826</u>	<u>54,078</u>	<u>138,891</u>	<u>846,066</u>
Depreciation rate (% per annum)	<u>20%</u>	<u>33.33%</u>	<u>20%</u>	<u>25%</u>	

Description	Owned				Total
	Office equipment	Computers	Furniture and fixtures	Leasehold Improvements	
	Rupees				
Net carrying value basis					
year ended June 30, 2021					
Opening net book value	46,280	36,677	-	-	82,957
Additions	201,849	172,000	64,074	240,600	678,523
Depreciation	(33,050)	(52,723)	(7,181)	(41,559)	(134,513)
Closing net book value	215,079	155,954	56,893	199,041	626,967
Gross carrying value basis					
year ended June 30, 2021					
Cost	670,109	643,053	356,674	240,600	1,910,436
Accumulated depreciation	(455,030)	(487,099)	(299,781)	(41,559)	(1,283,469)
Net book value	215,079	155,954	56,893	199,041	626,967
Depreciation rate (% per annum)	20%	33.33%	20%	25%	

4.2 This amount is related to the capital work in relation to the construction of Panjwani-Hisaar Water Institute at NED University of Engineering and Technology. This Institute will be transferred to NED University on the completion of project.

4.3 The amount includes mobilization advance to Paragon Constructors of Rs. 16.42 million (2022: 20.196 million)

	Note	2022 Rupees	2021 Rupees
5 ADVANCES			
Unsecured - considered good			
Advances to others		30,000	211,556
6 OTHER RECEIVABLES			
Other receivables		2,735,730	-
7 SHORT TERM PREPAYMENTS			
Prepaid rent		145,198	-
Prepayment against maintenance expense		7,500	-
		152,698	-
8 TAX REFUNDABLE			
Advance tax		1,272,175	1,201,647
9 CASH AND BANK BALANCES			
Cash in hand		2,345	2,305
Cash at bank in current accounts		2,912,110	5,601,790
		2,914,455	5,604,095

	Note	2022 Rupees	2021 Rupees
10 GENERAL FUND			
Opening balance		4,190,354	(277,213)
Surplus for the year		390,708	4,467,567
Closing balance		<u>4,581,062</u>	<u>4,190,354</u>

11 DEFERRED CAPITAL GRANT

Opening balance		85,840,392	1,884,927
Grant received and utilized during the year		50,204,309	83,955,465
Closing balance	11.1	<u>136,044,701</u>	<u>85,840,392</u>

- 11.1 This represents grant received and utilized in respect of construction of Panjwani - Hisaar Water Institute.

12 DEFERRED CREDIT - UNUTILIZED GRANTS

Particulars	Filtration Plant	Livestock	Adopt a Village	Ramzan appeal	Rehab well	Relief and emergency	Panjwani-Hisaar Water Institute	Hand Pump	Water Cooler	Solar projects	2022	2021
	Rupees											
Opening balance	-	-	-	-	120,000	-	-	450,000	45,000	-	615,000	30,806,812
Add: Grants received from Donors	600,000	100,000	4,009,430	6,207,637	4,928,638	1,902,000	49,099,096	2,473,507	150,000	6,538,292	73,585,600	83,378,159
Add: Profit on treasury account	-	-	-	-	-	-	1,135,213	-	-	-	1,135,213	665,000
Less: Grants utilized	(600,000)	(100,000)	(4,009,430)	(6,207,637)	(5,048,638)	(1,902,000)	-	(2,923,507)	(90,000)	(6,038,292)	(26,926,504)	(30,279,506)
Less: Transferred to Deferred capital grant	-	-	-	-	-	-	(50,204,309)	-	-	-	(50,204,309)	(83,955,465)
Closing balance	-	-	-	-	-	-	-	-	105,000	500,000	605,000	615,000

	Note	2022 Rupees	2021 Rupees
13 OTHER PAYABLES			
Payable to supplier		1,046,269	4,601,949
Contract liability	13.1	13,698,490	46,987,251
Other payables		56,000	511,153
Director loan payable	13.2	3,200,000	4,000,000
		<u>18,000,759</u>	<u>56,100,353</u>

- 13.1 This represents liability accounted for against work performed up to the reporting date by contractor Paragon IPC in respect of Panjwani - Hisaar Water Institute "PHWI".

- 13.2 This represents interest free loan received from Chair person in respect of Panjwani - Hisaar Water Institute "PHWI".

14 CONTINGENCIES AND COMMITMENTS

Contingencies

- 14.1 The Company received show cause notice dated August 16, 2018 from Federal Board of Revenue (FBR) on account of failure to deduct and pay withholding taxes under section 161(1A) of the Income Tax Ordinance, 2001 amounting to Rs. 0.795 million from payments of purchases and expenses made during Tax Year 2017. Final reply on the said notice was filed on December 07, 2018 and no further notice has been received from FBR in respect of the notice dated August 16, 2018.

Commitments

- 14.2 On November 23, 2018, the Company has entered into agreement with Panjwani Charitable Foundation and NED University of Engineering and Technology "the NED" to establish Panjwani - Hisaar Water Institute "PHWI" for water education, research and training and dissemination to various stakeholder groups. Panjwani Foundation agreed to donate initial seed money and ongoing partial payments, whereas, the Company agreed to raise the funds and manage the construction of Water Institute and upon completion donate the building to the NED.

For the purpose of designing of PHWI, the Company has entered into a consultancy agreement with Arcop (Private) Limited (the consultant) on March 26, 2018. Arcop (Private) Limited will prepare the design of the project, prepare budgets and assist the Company in conducting the call for tenders, and finalizing the construction company.

On June 16, 2020, the Company has entered in to an agreement with Paragon Constructors (Private) Limited, for the construction of the PHWI. It has been agreed in the contract that entire work including the mobilization shall be completed within 18 months from the execution of the contract. The contract price agreed between the parties is amounting to Rs. 294.661 million exclusive of Sindh sales tax and withholding tax.

	2022 Rupees	2021 Rupees
15 DONATIONS INCOME		
General donation	1,645,339	135,000
Capnet	270,467	2,017,110
	<u>1,915,806</u>	<u>2,152,110</u>
16 RELIEF AND EMERGENCY SUPPORT INCOME		
Donation for flood relief program	<u>1,909,000</u>	<u>3,602,555</u>

	Note	2022 Rupees	2021 Rupees
17	PROGRAMME SUPPORT INCOME		
Donation for deep dug well in Tharparkar-Sindh		-	61,820
Donation for adopt a school		4,350,000	-
Donation for adopt a village		4,009,430	2,925,000
Donation for livestock		100,000	-
Donation for filtration plant		600,000	700,000
Donation for hand pump		2,923,507	5,470,963
Donation for water cooler		90,000	580,000
Donation for rehab well		5,048,638	5,150,469
Donation for solar bore		5,248,292	7,668,718
Donation for solar on rehab well		790,000	-
		<u>23,159,867</u>	<u>22,556,970</u>
18	ZAKAT RAMZAN APPEAL SUPPORT INCOME		
Zakat Ramzan appeal		<u>6,207,637</u>	<u>4,181,801</u>
19	WATER CONFERENCE SUPPORT INCOME		
Registration		-	-
Sponsorship		<u>1,875,000</u>	<u>-</u>
		<u>1,875,000</u>	<u>-</u>
20	ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits		2,324,000	1,309,025
Printing charges		185,378	76,412
Postage and courier		27,689	9,470
Legal and professional charges		812,700	520,123
Depreciation	4.1	283,041	134,513
Utilities expenses		198,554	69,061
Rent expense		1,597,200	1,087,500
Repair and maintenance		520,616	460,876
Travelling, conveyance and maintenance		185,000	50,141
Office kitchen supplies		108,213	42,037
Internet and email / web maintenance and hosting		276,604	136,344
Generator rent and running		8,600	13,650
Entertainment expenses		146,082	53,630
Dues and subscription		455,800	57,970
Bad debt expense		-	429,999
Miscellaneous		<u>348,720</u>	<u>217,685</u>
		<u>7,478,197</u>	<u>4,668,436</u>

20.1 Grant received for programs are also utilized in overhead expenses of the Company.

	Note	2022 Rupees	2021 Rupees
21	PROGRAMME EXPENSES		
	Salaries, wages and other benefits	2,116,833	1,531,683
	Consultancy expenses	950,000	-
	Shariah advisory fee	339,000	-
	PHWI Expense	369,652	-
	Rehab well	3,449,000	3,956,000
	Solar on rehab well	370,000	
	Filtration plant	435,000	1,046,200
	Water cooler	124,746	413,587
	Solar bore	3,530,000	5,665,000
	Travelling and outstation	300,405	120,500
	Adopt a village	3,405,000	1,875,000
	Adopt a school	2,958,984	-
	Capnet expenses	-	1,077,538
	Livestock	80,000	-
	Hand pump	1,733,125	3,950,000
		<u>20,161,745</u>	<u>19,635,508</u>
22	RELIEF AND EMERGENCY SUPPORT EXPENSES		
	Emergency relief activities	<u>1,672,997</u>	<u>1,989,495</u>
23	WATER CONFERENCE EXPENSES		
	Salaries, wages and other benefits	509,500	-
	Travelling expenses	56,971	-
	Web designing	160,676	-
	Printing and stationary	60,600	-
	Miscellaneous	52,500	-
		<u>840,247</u>	<u>-</u>
24	ZAKAT RAMZAN APPEAL EXPENSES		
	Zakat Ramzan appeal expenses	<u>4,573,130</u>	<u>1,767,195</u>
25	TRANSACTIONS WITH RELATED PARTIES		

The related parties comprise of directors and key management personnel. Transactions with related parties are as under:

Nature of transaction	Nature of relation	Basis of relation	2022 Rupees	2021 Rupees
Loan obtained during the year	Director	Directorship	-	4,150,000
Repayment of loan	Director	Directorship	800,000	150,000
Grant received - PHWI	Director	Directorship	14,750,000	44,575,000
Transferred to Deferred capital grant	Director	Directorship	14,750,000	64,408,364
Donation received	Director	Directorship	1,090,000	75,000
Donation received for Zakat Ramzan Appeal	Director	Directorship	490,000	425,200
Filtration plant	Director	Directorship	600,000	-
Year end balances				
Loan from director	Director	Directorship	3,200,000	4,000,000

26 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	2022 Rupees	2021 Rupees
27 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets as per statement of financial position		
Loans and receivables		
Other receivables	2,735,730	-
Long term deposits	120,000	120,000
Cash and bank balances	2,914,455	5,604,095
	<u>5,770,185</u>	<u>5,724,095</u>
Financial liabilities as per statement of financial position		
Financial liabilities - at amortised cost		
Contract liability	13,698,490	46,987,251
Others	4,302,269	9,113,102
	<u>18,000,759</u>	<u>56,100,353</u>

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

28.1 Risk management policies

The Company's objective in managing risks is the creation and protection of members interest. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuous sustainable financial position. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through grant proceeds, interest income and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

28.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. All financial assets except cash in hand are subject to credit risk.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at the reporting date are as under:

	2022 Rupees	2021 Rupees
Long term deposits	120,000	120,000
Other receivables	2,735,730	-
Bank balances	2,912,110	5,601,790
	<u>5,767,840</u>	<u>5,721,790</u>

Impaired assets

During the year no assets have been impaired other than those disclosed in the financial statements.

Bank balances

The Company maintained its funds with banks having strong credit rating. Currently the funds are kept with banks with ratings ranging from AA+ to A1+.

28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company'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, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months Rupees	One to two years	Two to five years	Over five years
2022							
Other payables	18,000,759	18,000,759	18,000,759	-	-	-	-
2021							
Other payables	56,100,353	56,100,353	56,100,353	-	-	-	-

28.4 Market risk

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

a) **Currency risk**

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company does not exposure to foreign currency risk.

b) **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. At the reporting date the Company has no variable interest rate liability.

	Interest/markup bearing			Non - interest bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	Rupees						
Financial assets							
Long term deposits	-	-	-	-	120,000	120,000	120,000
Other receivables	-	-	-	2,735,730	-	2,735,730	2,735,730
Cash and bank balances	-	-	-	2,914,455	-	2,914,455	2,914,455
	-	-	-	5,650,185	120,000	5,770,185	5,770,185
Financial liabilities							
Other payables	-	-	-	18,000,759	-	18,000,759	18,000,759
Net financial assets – 2022	-	-	-	(12,350,574)	120,000	(12,230,574)	(12,230,574)
Net financial assets – 2021	-	-	-	(50,496,258)	120,000	(50,376,258)	(50,376,258)

Effective interest rates are mentioned in the respective notes to the financial statements.

29 **CAPITAL MANAGEMENT**

The Governing Body's policy is to maintain a strong capital base so as to ensure members' confidence and to sustain future development of the activities of the Company. The Governing Body actively monitor the operations of the Company, so as to safeguard the interest of the members and to maximize the Company's capital base. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

30 **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

31 **NUMBER OF EMPLOYEES**

	2022	2021
	Number of employees	
Number of employees as at year end	12	8
Average number of employees for the year	12	8

32 DATE OF AUTHORIZATION FOR ISSUE

The Board of Governors of the Company authorized these financial statements for issue on
06 OCT 2022.

33 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated. *BD*



CHIEF EXECUTIVE



GOVERNOR