

**FINANCIAL STATEMENTS
OF
FAMILY EDUCATIONAL SERVICES FOUNDATION
(A COMPANY SETUP UNDER SECTION 42
OF THE COMPANIES ACT, 2017)
FOR THE YEAR ENDED
JUNE 30, 2023**

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** (the Foundation), which comprise the statement of financial position as at June 30, 2023, 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, 2023 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.

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 Foundation'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 Foundation'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 Foundation 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).

The engagement partner on the audit resulting in this independent auditor's report is Arqam Ayubi.

KARACHI

DATED: 06 OCT 2023

UDIN: AR202310067zwNavWt1F

BDO Ebrahim & Co.
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, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	88,261,835	86,313,221
Intangible asset	7	178,492	298,914
Long term investments	8	99,593,073	99,982,037
Long term loans	9	6,500,096	4,913,080
Long term deposits	10	864,763	624,763
		<u>195,398,259</u>	<u>192,132,015</u>
CURRENT ASSETS			
Loans and advances	11	8,460,256	13,259,983
Prepayments	12	1,261,173	1,024,211
Accrued interest	13	5,700,417	2,921,104
Other receivables		482,399	761,245
Short term investments	14	572,722,543	411,217,887
Cash and bank balances	15	114,333,825	86,320,650
		<u>702,960,613</u>	<u>515,505,080</u>
TOTAL ASSETS		<u><u>898,358,872</u></u>	<u><u>707,637,095</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted			
General fund to meet operational deficit		398,774,278	385,260,467
Restricted			
Strategic fund	16	490,202,265	299,196,669
Zakat fund	17	394,611	9,437,091
		<u>490,596,876</u>	<u>308,633,760</u>
NON CURRENT LIABILITIES			
Long term loan	18	5,484,000	5,484,000
CURRENT LIABILITIES			
Accrued liabilities		3,503,718	5,892,976
Payable to provident fund		-	2,365,892
		<u>3,503,718</u>	<u>8,258,868</u>
TOTAL FUND AND LIABILITIES		<u><u>898,358,872</u></u>	<u><u>707,637,095</u></u>
CONTINGENCIES AND COMMITMENTS			

19

The annexed notes from 1 to 32 form an integral part of these financial statements.

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, 2023

	Note	2023 Rupees	2022 Rupees
INCOME			
Income from operating activities	20	356,223,177	328,861,370
Other income	23	86,072,963	38,703,641
		<u>442,296,140</u>	<u>367,565,011</u>
EXPENDITURE			
Operational expenses	21	386,115,573	302,197,299
Administrative expenses	22	39,364,887	30,426,891
Other expenses	24	2,816,643	4,639,733
Finance cost		485,226	341,742
		<u>428,782,329</u>	<u>337,605,665</u>
Surplus for the year		<u>13,513,811</u>	<u>29,959,346</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER

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, 2023

	Unrestricted	Restricted			Total	
	General Fund	Strategic Fund		Zakat Fund		
		From Government	From Others			Total
	-----Rupees-----					
Balance as at July 01, 2021	355,301,121	100,000,000	-	100,000,000	24,382,502	479,683,623
Surplus for the year	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	385,260,467	250,000,000	49,196,669	299,196,669	9,437,091	693,894,227
Balance as at July 01, 2022	385,260,467	250,000,000	49,196,669	299,196,669	9,437,091	693,894,227
Surplus for the year	13,513,811	-	-	-	-	13,513,811
Funds received		180,000,000	11,005,596	191,005,596	65,070,141	256,075,737
Funds utilised	-	-	-	-	(74,112,620)	(74,112,620)
Balance as at June 30, 2023	398,774,278	430,000,000	60,202,265	490,202,265	394,611	889,371,154

The annexed notes from 1 to 32 form an integral part of these financial statements.


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, 2023

	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	13,513,811	29,959,346
Adjustments for:		
Depreciation	15,075,537	13,127,328
Amortisation	120,422	118,841
Loss / (gain) on disposal of operating fixed assets	74,214	(6,926,542)
Gain on disposal of investments	(1,893,529)	(5,921,317)
Finance cost - bank charges	485,226	341,742
Dividend income	(27,167,239)	(5,173,508)
Unrealised gain on remeasurement of investments	(1,581,433)	(87,790)
	(1,372,991)	25,438,100
(Increase) / decrease in current assets:		
Loans and advances	4,799,727	(9,430,538)
Prepayments	(236,962)	2,777,237
Accrued interest	(2,779,313)	(2,357,806)
Other receivables	278,846	747,881
	2,062,298	(8,263,226)
Increase / (decrease) in current liabilities:		
Accrued liabilities	(2,389,258)	4,260,726
Payable to provident fund	(2,365,892)	2,365,892
	(4,755,150)	6,626,618
Cash (used in) / generated from operations	(4,065,843)	23,801,492
Finance cost paid	(485,226)	(341,742)
Net cash (used in) / flows from operating activities	(4,551,069)	23,459,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments made - net	(130,473,490)	(235,339,113)
Additions to operating fixed assets	(17,297,166)	(29,999,791)
Addition to intangible asset	-	(37,234)
Proceeds from disposal of operating fixed assets	198,800	8,844,000
Long term security deposits released	(240,000)	(100,000)
Long term loans	(1,587,016)	(1,619,178)
Net cash used in investing activities	(149,398,872)	(258,251,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Strategic funds received	191,005,596	199,196,669
Zakat funds utilised	(9,042,480)	(14,945,411)
Long term loan received	-	5,484,000
Net cash flows from financing activities	181,963,116	189,735,258
Net increase / (decrease) in cash and cash equivalents	28,013,175	(45,056,308)
Cash and cash equivalents - at the beginning of the year	86,320,650	131,376,958
Cash and cash equivalents - at the end of the year	114,333,825	86,320,650

The annexed notes from 1 to 32 form an integral part of these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER

FAMILY EDUCATIONAL SERVICES FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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;
- Digital Learning Program; and
- Pakistan Sign Language Program.

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

Location

Karachi -	Deaf Reach School and Training Centre, Gulistan-e-Jauhar, Block-12, behind
Head office	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.
Sujawal	Moriro Markaz, Near Chandio School, Main Road, Sujawal..
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.

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).

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 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 June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

**Effective for the
period beginning
on or after**

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework January 1, 2022

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use January 1, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract January 1, 2022

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

**Effective date
(annual periods
beginning on or
after)**

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements January 1, 2024

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions January 1, 2024

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 1, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 1, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 1, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 1, 2023

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.

3.3 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 International Financial Reporting Standards; and
IFRS 17	Insurance contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 Financial instruments

4.10.1 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.

4.10.2 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.

4.10.3 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.

4.11 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.

4.12 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.

5 RESTRICTED FUND

5.1 Strategic Fund

It represents fund received from Sindh government and other donors to create sustainability of the Deaf Reach Schools. 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.

5.2 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.

6 OPERATING FIXED ASSETS

Particulars	Note	Region				Total	
		Karachi, Hyderabad and Lahore	Sukkur	Nawabshah	Rashidabad	2023	2022
		6.1	6.2	6.3	6.4		
		----- Rupees -----					
Furniture and fittings		15,341,596	791,334	1,320,526	8,958,776	26,412,232	24,927,642
Vehicles		12,428,581	301,435	321,498	3,226,058	16,277,572	20,346,965
Office equipment		18,623,846	3,586,930	2,309,572	6,889,568	31,409,916	30,671,916
Computer equipment		9,383,350	816,332	1,087,766	948,546	12,235,994	8,226,563
Office renovation		1,887,705	-	38,416	-	1,926,121	2,140,135
Total-2023		57,665,078	5,496,031	5,077,778	20,022,948	88,261,835	86,313,221
Total-2022		58,562,721	4,756,783	4,160,697	18,833,020	-	-

2023										
Particulars	COST				ACCUMULATED DEPRECIATION				Carrying Value as June 30,2023	Rate %
	Cost at July 01, 2022	Additions	Disposal	Cost at June 30,2023	Accumulated Depreciation at July 01, 2022	Charge for the Year	Disposal	Accumulated Depreciation as at June 30,2023		
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6.1 Karachi, Hyderabad and Lahore region

Furniture & fixtures	25,028,456	1,212,244	-	26,240,700	9,274,355	1,624,749	-	10,899,104	15,341,596	10
Vehicles	30,931,200	-	-	30,931,200	15,395,474	3,107,145	-	18,502,619	12,428,581	20
Office equipments	34,622,812	2,976,423	(1,044,531)	36,554,704	16,914,273	1,910,980	(894,395)	17,930,858	18,623,846	10
Computer Equipment	22,346,985	5,374,017	(91,500)	27,629,502	14,880,080	3,434,828	(68,756)	18,246,152	9,383,350	33
Office Renovation	4,472,573	-	-	4,472,573	2,375,123	209,745	-	2,584,868	1,887,705	10
Total-2023	117,402,026	9,562,684	(1,136,031)	125,828,679	58,839,305	10,287,447	(963,151)	68,163,601	57,665,078	
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	

6.2 Sukkur Office

Furniture and fittings	1,622,901	309,100	-	1,932,001	1,064,596	76,071	-	1,140,667	791,334	10
Vehicles	5,483,353	-	-	5,483,353	5,106,559	75,359	-	5,181,918	301,435	20
Office equipment	7,037,750	268,660	-	7,306,410	3,329,952	389,528	-	3,719,480	3,586,930	10
Computer equipment	500,812	1,062,184	-	1,562,996	386,926	359,738	-	746,664	816,332	33
Total-2023	14,644,816	1,639,944	-	16,284,760	9,888,033	900,696	-	10,788,729	5,496,031	
Total-2022	13,924,150	720,666	-	14,644,816	9,309,137	578,896	-	9,888,033	4,756,783	

2023

Particulars	COST				ACCUMULATED DEPRECIATION				Carrying Value as June 30,2023	Rate %
	Cost at July 01, 2022	Additions	Disposal	Cost at June 30,2023	Accumulated Depreciation at July 01, 2022	Charge for the Year	Disposal	Accumulated Depreciation as at June 30,2023		

-----Rupees----->

6.3 Nawabshah Office

Furniture and fittings	2,098,252	701,500	-	2,799,752	1,343,061	136,165	-	1,479,226	1,320,526	10
Vehicles	3,400,400	-	-	3,400,400	2,998,528	80,374	-	3,078,902	321,498	20
Office equipment	4,407,180	236,110	(186,900)	4,456,390	2,004,855	249,215	(107,252.0)	2,146,818	2,309,572	10
Computer equipment	2,781,353	1,056,184	(999,050)	2,838,487	2,222,729	506,556	(978,564.0)	1,750,721	1,087,766	33
Office renovation	126,742	-	-	126,742	84,057	4,269	-	88,326	38,416	10
Total-2023	12,813,927	1,993,794	(1,185,950)	13,621,771	8,653,230	976,579	(1,085,816)	8,543,993	5,077,778	
Total-2022	12,356,995	456,932	-	12,813,927	7,945,930	707,300	-	8,653,230	4,160,697	

6.4 Rashidabad region

Furniture and fittings	16,111,619	2,061,825	-	18,173,444	8,251,574	963,094	-	9,214,668	8,958,776	10
Vehicles	10,311,204	-	-	10,311,204	6,278,631	806,515	-	7,085,146	3,226,058	20
Office equipment	12,274,319	781,811	-	13,056,130	5,421,065	745,497	-	6,166,562	6,889,568	10
Computer equipment	1,410,878	1,257,108	-	2,667,986	1,323,730	395,710	-	1,719,440	948,546	33
Total-2023	40,108,020	4,100,744	-	44,208,764	21,275,000	2,910,816	-	24,185,816	20,022,948	
Total-2022	38,313,712	1,794,308	-	40,108,020	18,769,095	2,505,905	-	21,275,000	18,833,020	

Note

2023

2022

-----Rupees-----

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

Operating expenses	21	13,567,983	11,814,595
Administrative expenses	22	1,507,554	1,312,733
		<u>15,075,537</u>	<u>13,127,328</u>

			2023 Rupees	2022 Rupees
7	INTANGIBLE ASSET			
	Net carrying value basis			
	Opening net book value		298,914	380,521
	Additions (at cost)		-	37,234
	Ammortisation charged	22	(120,422)	(118,841)
	Closing net book value		<u>178,492</u>	<u>298,914</u>
	Gross carrying value basis			
	Cost		1,204,222	1,204,222
	Accumulated depreciation		(1,025,730)	(905,308)
	Net book value		<u>178,492</u>	<u>298,914</u>
	Amortisation rate per annum		10%	10%

7.1 Amortisation expense on computer software for the year has been charged to administrative expenses.

8 LONG TERM INVESTMENTS

At amortized cost

Government Securities-Sukuk

	GOP Ijarah Sukuk	8.1	100,419,879	100,774,069
	Less: Current portion		(826,806)	(792,032)
			<u>99,593,073</u>	<u>99,982,037</u>

8.1 This includes GOP Ijarah Sukuk certificates with face value of Rs. 96.5 million carrying a fixed coupon rate of 11.40% (2022: 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% (2022: 10.15%).

9 LONG TERM LOANS

Considered good

Vehicle loans to employees

	Car loan		9,012,753	6,334,642
	Bike loan		394,584	536,426
			9,407,337	6,871,068
	Laptop loans to employees		670,082	-
	Less: current portion	11	(3,577,323)	(1,957,988)
			<u>6,500,096</u>	<u>4,913,080</u>

9.1 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	2023 Rupees	2022 Rupees
10	LONG TERM DEPOSITS			
	Against			
	Rent		260,000	200,000
	Utilities		604,763	424,763
			<u>864,763</u>	<u>624,763</u>
11	LOANS AND ADVANCES			
	Unsecured - Considered good			
	Cash loans to employees	11.1	2,599,590	3,264,959
	Current portion of long term loans	9	3,577,323	1,957,988
	Advance to suppliers		2,083,343	7,837,036
	Advance Tax		200,000	200,000
			<u>8,460,256</u>	<u>13,259,983</u>
11.1	These are interest free short-term loans to employees recoverable in monthly installments within a year. These loans are against employees' provident fund.			
12	PREPAYMENTS			
	Prepaid insurance	12.1	1,244,223	1,007,261
	Prepaid expenses		16,950	16,950
			<u>1,261,173</u>	<u>1,024,211</u>
12.1	It includes represents prepaid insurance against assets of the Foundation insured against fire, theft, etc.			
13	ACCRUED PROFIT			
	Bank deposit		1,118,499	424,899
	Term deposits		4,581,918	2,054,946
	Ijarah sukuk		-	441,259
			<u>5,700,417</u>	<u>2,921,104</u>
13.1	These carry markup at the rate of 10% to 20% (2022: 2.8% to 6.5%) per annum.			
14	SHORT TERM INVESTMENTS			
	Amortised cost			
	Term deposit receipts			
	Meezan Bank Limited		-	350,600,000
	Bank Islami		370,000,000	-
		14.1	<u>370,000,000</u>	<u>350,600,000</u>

	Note	2023 Rupees	2022 Rupees
At fair value through income and expenditure			
Mutual funds			
Atlas Islamic Income Fund		-	38,060,255
Meezan Rozana Amdani Fund		-	21,765,600
Atlas Islamic Money Market Fund		201,895,737	-
	14.2	201,895,737	59,825,855
At fair value			
Government Securities-Sukuk			
Current portion		826,806	792,032
		<u>572,722,543</u>	<u>411,217,887</u>

14.1 These investments carry mark-up at the rate of 12% to 20% (2022: 12.64% to 12.9%) per annum.

14.2 Details of investment in mutual funds are as follows:

	No. of Units	Carrying value at June 30, 2023	Fair value at June 30, 2023	Unrealised gain
Atlas Islamic Money Market Fund	401,226	200,314,304	201,895,737	1,581,433
Total		<u>200,314,304</u>	<u>201,895,737</u>	<u>1,581,433</u>

	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		<u>59,738,065</u>	<u>59,825,855</u>	<u>87,790</u>

15 CASH AND BANK BALANCES

Cash in hand 546,307 581,836

Cash at banks:

Local currency

Current accounts

Saving accounts

15.1

30,076,248	64,714,014
83,711,270	21,024,472
113,787,518	85,738,486

Foreign currency

Current accounts

-	328
<u>114,333,825</u>	<u>86,320,650</u>

15.1 These carry markup at the rate of 10% to 20% (2022: 2.8% to 6.5%) per annum.

		Note	2023 Rupees	2022 Rupees
16	RESTRICTED FUNDS			
16.1	Strategic Funds			
	- Government		430,000,000	250,000,000
	- Others		60,202,265	49,196,669
		16.1.1	<u>490,202,265</u>	<u>299,196,669</u>
16.1.1	This represents funds amounting to Rs.490,202,265 (2022: 299,196,669) 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.			
17	Zakat Funds			
	This represents zakat received during the period amounting to Rs. 65,070,141 (2022: Rs. 46,191,611) of which Rs. 394,611 (2022: Rs. 9,437,091) remained un-utilized during the period.			
18	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 / transferable to reserve in full amount at maturity date i.e June 2026.			
19	CONTINGENCY AND COMMITMENTS			
19.1	Contingency			
	There were no contingencies as at the reporting date (2022: Rs.Nil).			
19.2	Commitments			
	There were no contingencies as at the reporting date (2022: Rs.Nil).			
20	INCOME FROM OPERATING ACTIVITIES			
	Donations	20.1	339,476,509	317,202,436
	Donation in kind	20.2	10,276,878	4,689,364
	Voluntary participation from community	20.3	6,469,790	6,969,570
		20.4	<u>356,223,177</u>	<u>328,861,370</u>

		Note	2023 Rupees	2022 Rupees
20.1	Donations			
	Designated for specific projects:			
	- Nawabshah project		21,000,000	20,000,000
	- KYI project		1,866,237	5,759,402
	- DKI project		1,107,118	2,768,276
	- CISCO Project		69,522	364,214
			24,042,877	28,891,892
	Non-designated- others	20.1.1 - 20.1.5	315,433,632	288,310,544
			<u>339,476,509</u>	<u>317,202,436</u>
20.1.1	It includes sponsorships received from Human Concern International amounting to Rs. 33,558,294 (2022: 17,949,725). These funds are utilised according to the agreement.			
20.1.2	It also includes the zakat amount received from COIN amounting to Rs. Nil (2022: 2,107,406) and utilized as per agreement.			
20.1.3	It also includes the amount received from COH amounting to Rs. 2,221,875 (2022: 1,327,917) and utilized as per agreement.			
20.1.4	It includes zakat amount received from Zakat & Usher Department- Govt of Sindh amounting to Rs. Nil (2022: Rs. 5,000,000).			
20.1.5	It includes amount received from PPAF amounting to Rs. 3,704,400 (2022: Rs. 34,919,760) and received from Sindh Education Foundation of Rs. 30,876,500 (2022: 9,675,230) and such amounts has been utilized as per agreement.			
20.2	It includes Rs. 7,629,507 (2022: Rs.4,026,950) and Rs. 762,971 (2022: Rs. 662,414) in respect of items of necessities and insurance services respectively. Further, it includes donated assets received during the period amounting to Rs. 1,884,400 (2022: Nil).			
20.3	This represents voluntary payments from the community of students against the educational services being rendered by the Foundation.			
20.4	Major sources of donations are as follows:			
	Local:			
	Funds from Government and others		34,580,900	70,459,072
	Donations from individuals - Local		81,185,504	52,385,124
	Donations from corporate sector - Local		132,671,755	99,856,314
	Donations from other Not-for-profit organisations		51,796,680	56,543,669
	Foreign:			
	Donations from individuals - Foreign		13,782,457	11,302,041
	Donations from corporate sector - Foreign		42,205,881	38,315,150
			<u>356,223,177</u>	<u>328,861,370</u>

	Note	2023 Rupees	2022 Rupees
21 OPERATIONAL EXPENSES			
Salaries and other benefits	21.1	229,667,068	171,715,081
Eduserve program		1,894,139	8,049,696
Depreciation	6.5	13,567,983	11,814,595
Events, function and fund raising program		22,757,145	15,440,873
Repair and maintenance		19,211,884	20,724,205
Vehicle running expense		26,709,017	16,724,762
Utilities		14,829,325	9,918,831
Student Lunch and benefits		13,728,335	12,173,782
Rent, rates and taxes		3,902,430	3,838,680
Training costs		3,835,822	2,408,792
Transportation		1,113,521	1,369,978
Community service		-	91,777
Groceries and cleaning		4,782,029	3,623,135
Printing and stationery		4,796,825	3,196,303
Postage and communication		3,953,163	3,381,499
Insurance		4,570,493	5,762,543
Hospitality		1,267,558	590,512
Consultancy and professional charges		1,616,169	1,460,912
Pakistan Sign Language Program		619,025	489,328
Distance Learning Program		13,293,642	9,422,015
		<u>386,115,573</u>	<u>302,197,299</u>

21.1 Salaries and other benefits include Rs. 8,635,053 (2022: Rs. 6,277,190) in respect of employees' provident fund.

22 ADMINISTRATIVE EXPENSES

Salaries and other benefits	22.1	25,047,328	19,079,293
Depreciation	6.5	1,507,554	1,312,733
Utilities		1,565,745	1,041,333
Events, function and fund raising program		2,528,572	1,715,653
Repair and maintenance		2,134,654	2,325,290
Rent, rates and taxes		433,603	426,520
Transportation		123,725	152,220
Groceries and cleaning		531,337	402,571
Printing and stationery		532,981	355,145
Vehicle running expense		2,967,669	1,858,307
Amortisation	7	120,422	118,841
Hospitality		140,840	65,612
Insurance		507,833	640,283

	Note	2023 Rupees	2022 Rupees
Auditors' remuneration		180,000	150,000
Training costs		426,202	267,644
Postage and communication		436,848	375,722
Consultancy and professional charges		179,574	139,724
		<u>39,364,887</u>	<u>30,426,891</u>

- 22.1 Salaries and other benefits include Rs.959,450 (2022: Rs. 697,466) in respect of employees' provident fund.

23 OTHER INCOME

Profit on deposit accounts	55,430,762	20,546,120
Exchange gain	-	48,364
Gain on disposal of operating fixed assets	-	6,926,542
Gain on disposal of investments	1,893,529	5,921,317
Dividend income	27,167,239	5,173,508
Unrealised gain on investments	1,581,433	87,790
	<u>86,072,963</u>	<u>38,703,641</u>

24 OTHER EXPENSES

Loss on disposal of operating fixed assets	74,214	-
Donation processing charges	1,132,006	1,534,984
Others	1,610,423	3,104,749
	<u>2,816,643</u>	<u>4,639,733</u>

25 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Executives	
	2023	2022	2023	2022
Managerial remuneration	5,710,994	4,863,280	46,908,109	38,183,644
Number of person	1	1	12	12

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

26 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 25 to these financial statements.

		2023 Rupees	2022 Rupees
27	NUMBER OF EMPLOYEES		
	Number of employees as at year end	493	348
	Average number of employees during the year	421	314
28	FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		
28.1	Financial instruments by category		
	Financial assets		
	At amortised cost		
	Investment in monthly term deposit receipts	370,000,000	350,600,000
	Long term loans	10,077,419	6,871,068
	Long term deposits	864,763	624,763
	Loans to employees	2,599,590	3,264,959
	Accrued interest	5,700,417	2,921,104
	Other receivables	482,399	761,245
	Cash and bank balances	114,333,825	86,320,650
		<u>504,058,413</u>	<u>451,363,789</u>
	At fair value through income and expenditure		
	Investment in mutual funds	201,895,737	59,825,855
	Financial liabilities		
	At amortised cost		
	Accrued liabilities	3,503,718	5,892,976
	Payable to provident fund	-	2,365,892
		<u>3,503,718</u>	<u>8,258,868</u>
28.2	Financial risk management		

The Board of Governors 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:

28.2.1 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:

	2023 Rupees	2022 Rupees
Long term loans	10,077,419	6,871,068
Long term deposits	864,763	624,763
Loans to employees	2,599,590	3,264,959
Investments	572,722,543	411,217,887
Accrued interest	5,700,417	2,921,104
Other receivables	482,399	761,245
Bank balances	113,787,518	85,738,814
	<u>706,234,649</u>	<u>511,399,840</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-
BankIslami Pakistan Limited	A1	A+

28.2.2 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:

	2023		
	Contractual cash flows	Upto one year	More than one year
Non-derivative financial liabilities			
Long term loan	5,484,000	-	5,484,000
Accrued liabilities	3,503,718	-	3,503,718
	8,987,718		8,987,718
	2022		
	Contractual cash flows	Upto one year	More than one year
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
	-		
	13,742,868	-	13,742,868

28.2.3 Market risk

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

28.2.3.1 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.

	2023	2022 Rupees
Foreign currency bank accounts	-	328

The following exchange rates have been applied:

Euro to PKR	-	215.75
USD to PKR	-	206.00

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. Nil (2022: Rs. 33) 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 2022 (if applicable).

28.2.3.2 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:

	2023 Rupees	2022 Rupees
Financial assets		
Variable rate instruments		
Modaraba certificates	370,000,000	350,600,000
Deposit accounts	83,711,270	21,024,472
	453,711,270	371,624,472

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 2022.

	<u>Effect on surplus of income</u>	
	<u>(Increase)</u>	<u>Decrease</u>
	<u>-----Rupees-----</u>	
As at June 30, 2023		
Cash flow sensitivity	<u>(554,308)</u>	<u>554,308</u>
As at June 30, 2022		
Cash flow sensitivity	<u>(205,461)</u>	<u>205,461</u>

28.2.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). 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%</u>	
	<u>Increase</u>	<u>(Decrease)</u>
	<u>-----Rupees-----</u>	
As at June 30, 2023		
Investment at fair value through income and expenditure	<u>20,189,574</u>	<u>(20,189,574)</u>
	<u>Surplus change due to 10%</u>	
	<u>Increase</u>	<u>(Decrease)</u>
	<u>-----Rupees-----</u>	
As at June 30, 2022		
Investment at fair value through income and expenditure	<u>5,982,586</u>	<u>(5,982,586)</u>

29 FUND RISK MANAGEMENT

The Company's objectives when managing fund are to safeguard the entity's ability to continue as a going concern, in order to provide services for general public. The Company manages its fund structure and makes adjustments to it in the light of changes in economic conditions. There were no change in Company's approach to funds management during the year.

Objectives

The main objectives of Company's fund management is serve the general public by providing modern transport services.

Policies and process to managing fund

Funds balances are assessed and adjustments made, if any based on the changes in economic

There were no changes to Company's approach to fund management during the year.

The Company is not subject to any externally imposed capital requirements.

30 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 value is observable.

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:

	2023			
	Level 1	Level 2	Level 3	Total
Investment in mutual funds	201,895,737	-	-	201,895,737
	201,895,737	-		201,895,737
	2022			
	Level 1	Level 2	Level 3	Total
Investment in mutual funds	59,825,855	-	-	59,825,855
	59,825,855	-	-	59,825,855

There were no transfers between the levels during the year.

31 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee, unless stated otherwise.

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

32 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 06 OCT 2023 by the Executive Committee of the Foundation.



DIRECTOR



DIRECTOR



CHIEF EXECUTIVE OFFICER