

Arif Habib Foundation

Financial Statements
for the year ended June 30, 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ARIF HABIB FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Arif Habib Foundation** (the Foundation), which comprise the statement of financial position as at June 30, 2022, and the income and expenditure account and other comprehensive income, the statement of changes in equity, 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, income and expenditure account and other comprehensive income, the statement of changes in equity 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 Foundation's affairs as at June 30, 2022 and of the income and expenditure and other comprehensive income, the changes in equity 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 Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Foundation'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 auditor's 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 the Board of Directors 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Foundation as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure account and other comprehensive income, the statement of changes in equity and the statement of cash flows 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 Foundation'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 Mr. Nadeem Yousuf Adil.



Chartered Accountants

Place: Karachi

Date: October 07, 2022

UDIN: AR202210091sbvUtR4YI

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CURRENT ASSET			
Cash and bank balances	4	7,638,633	677,388
CURRENT LIABILITY			
Accrued expense		75,000	135,000
NET ASSETS		<u>7,563,633</u>	<u>542,388</u>
REPRESENTED BY			
General fund		250,000	250,000
Accumulated surplus		<u>7,313,633</u>	<u>292,388</u>
		<u>7,563,633</u>	<u>542,388</u>
Contingencies and Commitments	5		

The annexed notes from 1 to 10 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF INCOME AND EXPENDITURE AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Donations received	6	85,300,000	56,072,378
EXPENDITURE			
Grants and donations paid		(78,145,100)	(56,652,073)
Legal and professional		(50,000)	(76,500)
Audit fee		(75,000)	(45,000)
Other expenses		(8,655)	(22,705)
		(78,278,755)	(56,796,278)
Surplus / (deficit) for the year before tax		7,021,245	(723,900)
Taxation	7	-	-
Surplus / (deficit) for the year after tax		7,021,245	(723,900)
Other comprehensive income		-	-
Total comprehensive income / (loss)		7,021,245	(723,900)

The annexed notes from 1 to 10 form an integral part of these financial statements.

Amir M. Khan
 CHIEF EXECUTIVE OFFICER

King
 DIRECTOR

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2022

	General fund	Accumulated surplus	Total
	(Rupees)		
Balance at July 01, 2020	250,000	1,016,288	1,266,288
Deficit for the year	-	(723,900)	(723,900)
Other comprehensive income	-	-	-
Balance at July 01, 2021	250,000	292,388	542,388
Surplus for the year	-	7,021,245	7,021,245
Other comprehensive income	-	-	-
Balance at June 30, 2022	250,000	7,313,633	7,563,633

The annexed notes from 1 to 10 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus / (deficit) for the year before tax	7,021,245	(723,900)
Changes in working capital		
Accrued expenses	(60,000)	45,000
Net cash generated from / (used in) operating activities	6,961,245	(678,900)
Cash and cash equivalent at beginning of the year	677,388	1,356,288
Cash and cash equivalent at end of the year	7,638,633	677,388

The annexed notes from 1 to 10 form an integral part of these financial statements.

Amir Habib
 CHIEF EXECUTIVE OFFICER

King
 DIRECTOR

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND OPERATIONS

Arif Habib Foundation (the Foundation) is a Company limited by guarantee incorporated in Pakistan on June 18, 2008 under section 42 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Foundation has been licensed as a non profit organisation by the Securities and Exchanges Commission of Pakistan. The registered office of the Foundation is situated at Arif Habib Centre, 23, M.T. Khan Road, Karachi, Pakistan. The Foundation is formed for educational, health and other welfare activities.

The license of the Foundation was renewed on April 20, 2020 by the Securities and Exchange Commission of Pakistan (SECP) and is valid till April 15, 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The approved 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 Standards for Not for Profit Organisations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision and directives issued under the Companies Act, 2017.

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

2.2 Presentation and functional currency

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

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Provisions

Provisions are recognised when the Foundation has a present, 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 obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents include deposits held with banks in current accounts.

3.3 Taxation

The Foundation is an approved non-profit organisation under section 2(36)(c) of the Income Tax Ordinance, 2001. As per section 100C(2) of the Income Tax Ordinance, 2001, non-profit organisations shall be allowed a tax credit equal to one hundred per cent of the tax payable subject to the fulfilment of specified conditions. The management intends to avail a tax credit equal to 100% of the tax payable. Accordingly, no tax charge in the financial statements has been recorded in the financial statements.

3.4 Revenue recognition

Donations received are accounted for on receipt basis.

Donations received in kind are recognised at fair value on receipt basis.

3.5 Expenses

All expenses are recognised on accrual basis.

3.6 Financial instruments

Financial assets and financial liabilities are recognised in the Foundation's statement of financial position when the Foundation becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of income and expenditure and comprehensive income

3.6.1 Financial assets

3.6.1.1 Classification

The management determines the appropriate classification of the Foundation's financial assets in accordance with the requirements of IFRS for SMEs at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The financial assets of the Foundation are categorised as follows:

3.6.1.2 Financial asset at amortised cost

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Foundation has the positive intent and ability to hold to maturity and are not quoted in an active market.

3.6.1.3 Available-for-sale financial asset

Available-for-sale investments are non-derivatives that are not classified as financial assets at fair value through profit or loss. These are included in non-current assets unless management has the express intention of holding the investment for less than twelve months from the separate statement of financial position date.

3.6.2 Initial recognition and measurement

Financial assets are initially recognised when the Foundation becomes a party to the contractual provisions of the instruments. Assets at amortize cost are initially recognised at fair value plus transaction costs and available-for-sale investments are initially recorded at cost

3.6.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets at amortised cost

These are carried at amortised cost using the effective interest method.

Available-for-sale financial asset

These are subsequently re-measured at their fair values.

3.6.4 Impairment

The Foundation assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. When there is an objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of loss is recognised in the statement of income and expenditure and comprehensive income.

Derecognition of financial assets

Financial assets are derecognised at the time when the Foundation loses control of the contractual rights that comprise the financial assets. Any gain or loss on derecognition of financial assets at amortized cost and available-for-sale assets are taken to the statement of income and expenditure and comprehensive income.

3.6.5 Financial Liabilities

These comprise trade and other payables. All financial liabilities are recognised at the time when the Foundation becomes a party to the contractual provisions of the instrument. Trade and other payables are stated initially at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Foundation and are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of income and expenditure and comprehensive income.

3.6.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Foundation has legally enforceable right to offset the recognised amounts and the Foundation intends either to settle on a net basis, or realize the assets or to settle the liabilities simultaneously.

4. CASH AND BANK BALANCES

Cash in hand
Cash at bank

	2022 Rupees	2021 Rupees
	227,000	-
	7,411,633	677,388
	7,638,633	677,388

5. **CONTINGENCIES AND COMMITMENTS**

5.1 There were no contingencies and commitments as at June 30, 2022 and June 30, 2021.

6. **DONATIONS**

This include donation received Mr. Arif Habib, Chairman and group company (for health, education and related social activities).

7. **TAXATION**

The Foundation's income is exempt from Income Tax as per section 100C of Income Tax Ordinance, 2001 subject to the conditions mentioned in the aforesaid section, therefore no provision is recorded in the financials statements.

8. **RELATED PARTY TRANSACTIONS**

The related parties comprise of other related group companies and directors of the Foundation. The Foundation carries out transactions with below related party in the normal course of business. Significant transactions with related parties are as follows:

Relationship with the Foundation	Nature of transaction	2022 Rupees	2021 Rupees
Mr. Arif Habib - Chairman	Donation received	<u>31,100,000</u>	<u>56,072,378</u>
Arif Habib Real Estate Service Private Limited - Group company	Donation received	<u>27,900,000</u>	<u>-</u>
Mrs. Sharmin Shahid - Close family member	Donation received	<u>14,300,000</u>	<u>-</u>
Mrs. Nida Ahsan - Close family member	Donation received	<u>12,000,000</u>	<u>-</u>

9. **DATE OF AUTHORISATION**

These financial statements have been approved by the Board of directors of the Foundation and authorised for issue on 07 OCT 2022

10. **GENERAL**

10.1 Figures have been rounded off to nearest Rupee.

10.2 There was no person in the employment of the Foundation. The affairs of the Foundation are managed by the staff of the Group Company.


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CHIEF EXECUTIVE OFFICER


DIRECTOR