

ARIF HABIB FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the members of ARIF HABIB FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statement of ARIF HABIB FOUNDATION (the Foundation), which comprise the statement of financial position for the year **June 30, 2023**, statement of income and expenditure and other comprehensive income, the statement of changes in accumulated fund, and 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 and other comprehensive income, the statement of changes in accumulated 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 Foundation's affairs as at June 30, 2023 and of the income and expenditure and other comprehensive income, the changes in accumulated 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 Foundation in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (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 requirement 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 operation, or has no realistic alternative but to do so.

Boards 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 statement of profit or loss 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).

Other Matter

The financial statements of Arif Habib Foundation for the year ended June 30, 2022, were audited by another auditor who expressed a unmodified opinion on those statements on October 7, 2022.

The engagement partner on the audit resulting in this independent auditor's report is **Arslan Ahmed**.

Hassan Naeem & Co.
KARACHI

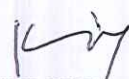
DATE: 15 September 2023
UDIN:AR2023103117aEfwxpHF

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 ----- (Rupees) -----	2022 -----
CURRENT ASSET			
Cash and bank balances	4	460,628	7,638,633
CURRENT LIABILITY			
Accrued expense		81,000	75,000
NET ASSETS		<u>379,628</u>	<u>7,563,633</u>
REPRESENTED BY			
General fund		250,000	250,000
Accumulated surplus		129,628	7,313,633
		<u>379,628</u>	<u>7,563,633</u>
Contingencies and Commitments	5		

The annexed notes from 1 to 11 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 OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- (Rupees) -----	2022
INCOME			
Donations received	6	47,975,000	85,300,000
EXPENDITURE			
Grants and donations paid		(54,630,700)	(78,145,100)
Legal and professional		(432,000)	(50,000)
Audit fee		(87,000)	(75,000)
Other expenses		(9,305)	(8,655)
		(55,159,005)	(78,278,755)
(Deficit) / Surplus for the year before tax		(7,184,005)	7,021,245
Taxation	7	-	-
(Deficit) / Surplus for the year after tax		(7,184,005)	7,021,245
Other comprehensive income		-	-
Total comprehensive (loss) / income		(7,184,005)	7,021,245

The annexed notes from 1 to 11 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General fund	Accumulated surplus (Rupees)	Total
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
Balance at July 01, 2022	250,000	7,313,633	7,563,633
Deficit for the year	-	(7,184,005)	(7,184,005)
Other comprehensive income	-	-	-
Balance at June 30, 2023	250,000	129,628	379,628

The annexed notes from 1 to 11 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Deficit) / Surplus for the year before tax	(7,184,005)	7,021,245
Changes in working capital		
Accrued expenses	6,000	(60,000)
Net cash (used in) / generated from operating activities	(7,178,005)	6,961,245
Cash and cash equivalent at beginning of the year	7,638,633	677,388
Cash and cash equivalent at end of the year	460,628	7,638,633

The annexed notes from 1 to 11 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

ARIF HABIB FOUNDATION
(UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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.

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.

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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

	2023	2022
	----- (Rupees) -----	
Cash in hand	-	227,000
Bank at bank	460,628	7,411,633
	<u>460,628</u>	<u>7,638,633</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 There were no contingencies and commitments as at year end.

6. DONATIONS

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

7. **TAXATION**

The Foundation's income is subject to 100% tax credit 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	2023	2022
		----- (Rupees) -----	-----
Mr. Arif Habib - Chairman	Donation received	47,975,000	31,100,000
Arif Habib Real Estate Service Private Limited - Group company	Donation received	-	27,900,000
Mrs. Sharmin Shahid - Close family member	Donation received	-	14,300,000
Mrs. Nida Ahsan - Close family member	Donation received	-	12,000,000

9. **NUMBER OF EMPLOYEES**

Total number of employees at June 30

-

10. **DATE OF AUTHORISATION**

These financial statements have been approved by the Board of directors of the Foundation and authorised for issue on 14 SEP 2023.

11. **GENERAL**

11.1 Figures have been rounded off to nearest Rupee.

11.2 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