

**AUDITED FINANCIAL STATEMENTS
OF
NAYA NAZIMABAD FOUNDATION
FOR THE YEAR ENDED
JUNE 30, 2023**

**Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
KARACHI, LAHORE & ISLAMABAD**



Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Naya Nazimabad Foundation

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Naya Nazimabad Foundation** (the Foundation), which comprise the statement of financial position as at **June 30, 2023**, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund balances, 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 ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in 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, 2023 and of the surplus, total comprehensive income, changes in fund balances 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.

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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 scepticism 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.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- proper books of account have been kept by the Foundation as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund balances 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Foundation's business; and
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Waseem.**


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi

Date: September 28, 2023

UDIN: AR202310213v7tfx4LyE

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business consultants and specialist legal advisers.

Naya Nazimabad Foundation

Statement of Financial Position

As at June 30, 2023

	Note	2023 — Rupees —	2022
ASSETS			
Current assets			
Accrued mark-up on bank deposit		3,041	731
Bank balances	4	56,221	59,043
Total assets		<u>59,262</u>	<u>59,774</u>
FUND AND LIABILITIES			
General fund		200,000	200,000
Unappropriated loss		(186,566)	(216,758)
		13,434	(16,758)
Current liabilities			
Accrued liabilities		36,418	72,836
Taxation - net	5	9,410	3,696
		45,828	76,532
Contingencies and commitments	6		
Total equity and liabilities		<u>59,262</u>	<u>59,774</u>

The annexed notes form an integral part of these financial statements.

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Chief Executive

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Director

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Naya Nazimabad Foundation

Statement of Income and Expenditure

For the year ended June 30, 2023

	Note	2023 — Rupees —	2022
Mark-up on bank deposit		16,615	3,701
Donation		<u>200,000</u>	<u>70,000</u>
		216,615	73,701
Operating cost	7	(178,563)	(52,494)
Net surplus for the year before taxation		<u>38,052</u>	<u>21,207</u>
Taxation	8	(7,860)	(4,298)
Net surplus for the year after taxation		<u><u>30,192</u></u>	<u><u>16,909</u></u>

The annexed notes form an integral part of these financial statements.

Resin
Chief Executive

Director

Naya Nazimabad Foundation

Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	Rupees	
Net surplus for the year after taxation	30,192	16,909
Other comprehensive income	-	-
Total comprehensive income for the year	30,192	16,909

The annexed notes form an integral part of these financial statements.

AM Amir Mehmud
Chief Executive

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KS Kashif Mahmood
Director


Naya Nazimabad Foundation

Statement of Changes in Fund Balance

For the year ended June 30, 2023

Particulars	General Fund	Unappropriated Loss (Rupees)	Total
Balance as at July 01, 2021	200,000	(233,667)	(33,667)
Net surplus for the year	-	16,909	16,909
Balance as at June 30, 2022	<u>200,000</u>	<u>(216,758)</u>	<u>(16,758)</u>
Balance as at July 01, 2022	200,000	(216,758)	(16,758)
Net surplus for the year	-	30,192	30,192
Balance as at June 30, 2023	<u>200,000</u>	<u>(186,566)</u>	<u>13,434</u>

The annexed notes form an integral part of these financial statements.

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Chief Executive


Director

Naya Nazimabad Foundation

Statement of Cash Flows

For the year ended June 30, 2023

	2023	2022
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the year	38,052	21,207
<i>Adjustments fro non-cash and other items:</i>		
Mark-up on bank deposit	(16,615)	(3,701)
Donation	(200,000)	(70,000)
	(216,615)	(73,701)
Net surplus before working capital changes	(178,563)	(52,494)
<i>Increase / (decrease) in current liabilities</i>		
Accrued liabilities	(36,418)	36,418
Taxes paid	(2,146)	(2,566)
Mark-up received	14,305	3,073
Donation received	200,000	70,000
<i>Net increase in cash and cash equivalents</i>	(2,822)	54,431
Cash and cash equivalent at beginning of the year	59,043	4,612
Cash and cash equivalents at the end of the year	56,221	59,043

The annexed notes form an integral part of these financial statements.

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Chief Executive

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Director

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Naya Nazimabad Foundation

Notes to the Financial Statements

For the year ended June 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Naya Nazimabad Foundation (formerly Karachi Sports Foundation ("the Foundation")) is a foundation limited by guarantee incorporated in Pakistan under the Companies Ordinance, 1984 (now repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The foundation is registered under section 42 of the repealed Companies Ordinance, 1984. On February 03, 2022, the Foundation has change its name to Naya Nazimabad Foundation. The registered office of the Foundation is situated at Arif Habib Centre, 23, M. T. Khan Road, Karachi. Securities and Exchange Commission of Pakistan approved the change of the name of Foundation on February 03, 2022.

The Foundation was initially incorporated under the name of "Karachi Sports Foundation" in 2016. In order to promote Corporate Social Responsibility (CSR) activities in Karachi with a special focus at Naya Nazimabad. Naya Nazimabad Foundation intends to increase the scope of allowable activities beyond the matters relating to sports, and also include matters relating to health, education, research, poverty alleviation, welfare and other charitable activities.

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 Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act. 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Foundation's accounting policies. The areas involving a high degree of judgment 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:

	<u>Note</u>
- Provision for taxation	3.3

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of balances with banks.

3.2 Accrued liabilities

Accrued liabilities are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.3 Taxation

Income tax expense comprises of current tax.

Current

Provision of current taxation is based on the taxable income at the current rates of taxation after taking into account available tax credits, rebates and tax losses, or minimum tax, whichever is higher. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for the current tax also includes adjustments, where necessary relating to prior year.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their tax base. This is recognized on the basis of the expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates to the extent that it is probable enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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At the reporting date there were no material temporary differences, therefore, no deferred tax has been recognized in these financial statements'.

3.4 Financial instruments

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial liabilities are recognised at the time when the foundation becomes a party to the contractual provisions of the instruments. The foundation derecognizes a financial asset or a portion of financial asset when, and only when, the foundation loses control of the contractual rights that comprise the financial asset or a portion of financial assets. While a financial liability or part of financial liability is derecognised from the statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or derecognition of the financial assets and liabilities is taken to statement of profit or loss account and other comprehensive income.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI or FVTPL and financial liabilities are classified as measured at: amortised cost or FVTPL.

3.5 Offsetting of financial assets and financial liabilities

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

3.6 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

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Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3.7 Revenue recognition

3.7.1 Income on bank deposits is recognized on a time proportionate basis, taking effect of the effective interest rate.

3.7.2 Donations are accounted for on receipt basis.

4.	BANK BALANCES	Note	2023 Rupees	2022 Rupees
	Cash at bank - Saving account	4.1	56,221	59,043

4.1 This represents balance maintained in savings account carrying weighted average profit rate of 12.25% - 19.5% (2022: 5.50% - 12.00) per annum.

5.	TAXATION - NET	2023 Rupees	2022 Rupees
	Opening balance	3,696	1,964
	Taxes paid	(2,146)	(2,566)
	Provision for taxation	7,860	4,298
	Closing balance	9,410	3,696

6. CONTINGENCIES AND COMMITMENTS

There were no material contingencies or commitments known to exist as at reporting period. (2022: Nil).

7.	OPERATING COSTS	2023 Rupees	2022 Rupees
	Fees and subscription	21,015	15,901
	Auditor's remuneration - Audit fee	36,418	36,418
	Legal and professional charges	120,000	-
	Bank charges	1,130	175
		178,563	52,494

8.	TAXATION	2023 Rupees	2022 Rupees
	Current taxation	7,991	4,453
	Prior year income	(131)	(155)
		7,860	4,298

Review

9. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

During the year, no remuneration was paid to the Chief Executive and Directors of the foundation.

10. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Foundation comprise of directors, key management personnel and their close family members. Transactions entered into with related parties during the year are as follows:

Particulars	2023	2022
	Rupees	
Donation received from key management personnel - Mr. Arif Habib	200,000	70,000

11. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets - At amortised cost

Accrued mark-up on bank deposit	3,041	731
Bank balances	56,221	59,043
	59,262	59,774

12. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2023	2022
	Number	
Total number of employees as at June 30	3	3
Average number of employees during the year	3	3


13. GENERAL

13.1 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors on in the meeting held on 22 SEP 2023.

13.2 Level of rounding

Figures have been rounded off to the nearest of Rupee.


Chief Executive


Director

Rasid