

ANNUAL ACCOUNTS

FOR THE YEAR 2021-2022



KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

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MESSAGE FROM THE PRESIDENT

ABUL HASSAN GOKAL



Dear Members,

Assalam o Alyekum

All praise to the Almighty Allah and Masoomeen (A.S) for KPSIAJ's Continued prosperity. This year our country has been hit by colossal and unprecedented floods, especially in Sindh and Baluchistan provinces. The benevolent members of our Jamaat stood up in an exemplary manner to face this challenge. We were able to provide rations, cooked foods, supplies, medicines, tents, mosquito nets and water filtration plants to the victims - which were well appreciated by the needy and by the Government of Sindh – who also gave generous support to us for the Fatimiyah Hospital, Fatimiyah Education Network and for social welfare.

In addition to the flood relief activities, we continued to provide rations to the less privileged members of our Jamaat and cash assistance to enable them celebrate Eid.

I am very pleased that this year, the Pakistan Center for Philanthropy (PCP) has recognized KPSIAJ as a PCP Certified Not-For-Profit, after an independent assessment of all our processes, reporting structures, financial management and controls and our programs. PCP certification is a big reward for the tireless efforts made by the Managing Committee, our employees and well-wishers of the Jamaat.

We are grateful for the visit made by President Mr. Alhaj Safder Jaffer and Secretary Mr. Arifali Hirji of World Federation, their review of our programs and the wholehearted support that we have always received from them.

As can be seen from their dashboard, the Fatimiyah Hospital had a successful year – helping close to 150K patients. A major accomplishment is the installation of CT Scan facilities (for which we are thankful to our generous donors) – which will be launched by the time we have the annual meeting. Our dental clinic also made phenomenal progress by the installation of Orthopantomogram (OPG) and Digital X-Ray equipment. Our Radiology Department also made excellent progress with the addition of Digital Radiography (DR) and Computed Radiography (CR) equipment.

The Fatimiyah Education Network continued to provide outstanding education – with well over 65% of the students getting A1 or A grades – and kept the students engaged in valuable extra-curricular activities a good portion of which is enhancing the love for the Ahlul Bait. Three students from the Fatimiyah College achieved the 6th, 8th and 14th ranks in the Board of Intermediate Education examinations and this makes us really proud. Likewise, the students of FIES achieved the 1st and 2nd positions in M.Ed. examinations conducted by the University of Karachi. Congratulations to these students and their parents.

The Khoja Heritage Family Gala organized by the Pakistan Federation and KPSIAJ was very well received by the community who actively participated in the sports, academic and fun-filled activities. We are grateful to everyone who helped make this event a resounding success.

The youth are our future leaders and it is truly gratifying to note their zeal, fervor and efforts towards the programs of our community. Towards the end, I will leave our youth and members with a quote from Maula Ali (as) which is truly impactful: "Be like the honeybee, anything it eats is clean, anything it drops is sweet and the branch it sits on does not break". I look forward to another successful year for the Jamaat – with maximum participation from the young of our community because they will lead us towards a better future.

My heartfelt gratitude goes to the volunteers who have always helped us and to the generous donors. May Imam al-Hujjat (ajtf) accept their efforts as well as those of the Managing Committee and our employees. Let us all join hands towards contributing to our society – with discipline, unwavering cooperation and a sense of belonging to a common cause.

REFLECTIONS



FIVE QUOTES FROM THE FOUNDER OF OUR NATION – MOHAMMAD ALI JINNAH:

"You will have to make up for the smallness of your size by your courage and selfless devotion to duty, for it is not the life that matters, but the courage, fortitude, and determination you bring to it."

"With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve."

"Failure is a word unknown to me."

"There are two powers in the world; one is the sword, and the other is the pen. There is great competition between the two. There is a third power stronger than both, that of the women."

"If we want to make this great State of Pakistan happy and prosperous, we should wholly and solely concentrate on the well-being of the people and especially of the masses and the poor."



SHAHEED HAMID ALI BHOJANI

President (KPSIAJ) August 1988 - February 1995

The establishment of FATIMIYAH SCHOOL is the result of untiring and dedicated efforts of Mr. SHAHEED HAMIDALI BHOJANI, who was elected as the President of the Khoja (Pirhai) Shia Isna Asheri Jamaat Karachi, for three successive terms with popular mandate in August 1988, a post he held until the day of his Shahadat on 25th February 1995 (24th Ramazan-ul-Mubarak 1415 A.H.) at Mehfil-e-Murtaza, PECHS, Karachi.

During his tenure he prioritized EDUCATION, particularly for females of the community. His dynamic leadership was instrumental in mobilizing the community and motivating young and old to actively participate actively in Jamaat affairs, which completely transformed the Jamaat's social set-up, resulting in the community moving TOWARDS THE PATH OF PROGRESS.

May Almighty Allah shower His blessings on this noble son of the community

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Khoja (Pirhai) Shia Isna Asheri Jamaat Karachi will be held at Shaheed Hameed Ali Bhojani Hall, 174 Britto Road, Karachi on Sunday 18th December 2022 at 10:30 am to transact the following business:

1. Recitation of verses from the Holy Quran.
2. To read and confirm the minutes of last Annual General Meeting held on 26th December, 2021.
3. To consider and adopt the report of Managing Committee for the year ended 30th June 2022.
4. To consider and adopt the Annual Financial Statements for the year ended 30th June 2022 together with report of the Honorary Treasurer and External Auditor.
5. To appoint External Auditor for the accounting year ending 30th June 2023 and fix their remuneration, if any.
6. To consider any other matter with the permission of the Chair.
7. Recitation of Dua.

Karachi:

Dated: 4th December 2022



Asghar Hussain Shaheedi
Honorary Secretary

NOTE:

- i. As required under the Constitution, the Management has emailed the minutes of the last AGM, Annual Reports and Accounts for the year ended 30th June 2022 along with Honorary Treasurer report to members whose email addresses are available with KPSIAJ.
- ii. Members who have not yet registered their email addresses with Jamaat are requested to do so.

Members who need a printed copy of Annual Report are advised to collect the booklet during working hours from Jamaat Office Kharadar or Britto Road, Karachi.

THE YEAR IN CAPSULE

- All praise be to the Almighty Allah and the Masoomeens (A.S) for KPSIAJ's continued success. This year our country had been hit by colossal and unprecedented floods, especially in Sindh and Baluchistan provinces. The benevolent members of our Jamaat stood up in an exemplary manner to face this challenge. We were able to provide rations, cooked foods, supplies, medicines, tents, mosquito nets and water filtration plants to the flood victims.
- In addition to the flood relief activities, we continued to provide rations to the less privileged members of our Jamaat and cash assistance to enable them celebrate Eid.
- On the occasion of Eid-ul-Fitr, Cash Assistance (Eidi) of Rs. 5,500/- per family was extended to all deserving families. Cash assistance to 1,158 members was sent on their CNIC through Easypaisa. 433 beneficiaries over 60 years of age, received cash payments and ration at their doorsteps.
- The Higher Education Loan (HELP) Scheme initiated by the World Federation continued to be made accessible for our Jamaat members. This program 's main goal is to give Khoja students (both male and female) financial support so they can pursue higher education in any subject, both for under-graduate and graduate degrees. Thus far, 36 members have benefitted from this program which augurs well for the future of our community.
- Numerous steps were taken to boost the efficiency of our transportation services this year, with a particular emphasis on active provision of services to the community members. Every Sunday and on special occasions, Jamaat provides bus service for all three graveyard visits.
- Throughout 2021-22, our community continued to benefit from the Sehatmand Jamaat Insurance Program provided by New Jubilee Life Insurance and administered by KPSIAJ for its members and employees. So far, 2,705 people have benefited from KPSIAJ's insurance program.
- Once again, the Telethon, organized by KPSIAJ during Ramadan was a huge success. 240+ calls were received from our donors and well-wishers. Our thanks to the Minister of Education, Syed Sardar Hussain Shah for his encouraging message and Mr. Mustafa Hemani, CEO of Hemani Herbals, who discussed the community's need for health care facilities in the Soldier Bazar area. We are grateful to the Sindh Government for their financial support for Fatimiyah Hospital and social services.
- The KPSIAJ in collaboration with "The Federation of Khoja Isna Asheri Jamaats of Pakistan" and 'World Federation' celebrated the 'Global Khoja Heritage Festival-2022" from 21-23 October, 2022 wherein various activities including sports events, community family gala and documentaries related to heritage and history of Khoja community were organized to accelerate intra - community harmony and awareness among youth.
- Fatimiyah Sports Complex is a state-of-the-art facility dedicated on building a culture of healthy lifestyle in the community. FSC seeks to maximize the potential of sports facilities and venues, as well as provide leadership and guidance to the community members on developing athletic facilities and programs to positively benefit the quality of life. KPSIAJ is also blessed to have a Fatimiyah Family Park located adjacent to Fatimiyah Sports Complex. The Park provides jogging track and various rides for the children of our community. Both these facilities continued to keep our Jamaat members active through launch of several activities.

THE YEAR IN CAPSULE

- On the auspicious occasion of 24th Zilhujja 1443 AH, KPSIAJ has inaugurated the Fatimiyah Recreation Room (FRR) for the benefit of community members, especially for our Senior Citizens (60+ years of age Male & Female).
- On the auspicious occasion of Shab-e-Eid-e-Mubahila, KPSIAJ inaugurated newly designed Computer Lab for our Kharadar Office, to enhance computer skills of our youth residing in there or nearby areas.
- KPSIAJ has inaugurated the new look of Allama Haji Naji Library for its members, with a seating capacity of more than 60 people, Wi-Fi accessibility and diverse collection of books.
- KPSIAJ has achieved another milestone for serving Community Students pursuing professional education as we are now officially registered ACCA Approved Employer – Gold status for Trainee Development.
- Pakistan Center for Philanthropy (PCP) has recognized KPSIAJ as a PCP Certified Not-For-Profit following an independent assessment of all of its processes.
- The KPSIAJ has organized the Youth Entitlement Seminars (YES) series throughout the year regarding the financial and technological changes and their impact as part of our ongoing commitment to educating and enlightening Community members.
- **FATIMIYAH HOSPITAL:** In 2021–2022, Fatimiyah Hospital made significant strides in a number of areas, including obtaining a provisional license from the SHCC (Sind Healthcare Commission). FH prioritized technological advancement this year and arranged for the installation of a brand-new 32 Slicer CT-scan machine with all accessories imported directly from Japan via an authorized vendor. To achieve the desired quality and standard, all activities, from purchasing and selection to installation, were carried out by a highly professional and dedicated team. Pronounced strides were also made by the Dentistry department. With more than 95 consultants, 57 RMOs, and 170 nursing/paramedic staff, the hospital continues to provide 24-hour services.
- **FATIMIYAH EDUCATION NETWORK:** Every year, the Fatimiyah Montessori, Boys and Girls School organizes a plethora of activities to commemorate important events, including religious occasions, and to participate in various competitions. The convocation for the seventh batch of Montessori teachers was a success. Parents were given an orientation and training session. Our students made us very extremely proud by achieving top ranks in M.Ed. and B.Ed. programmes. This year, FEN also held a CSS awareness programme to enlighten our community's students about CSS.
- The Women Wing and our Community Center (FCC) also had an active year supporting an increase in mortality, offering mammography and marriage assistance programs. The Family Reconciliation Services continued to provide important support to resolve family disputes and divorce cases.

MEETINGS OF MANAGING COMMITTEE

From 1st July 2021 to 30th June 2022, total 15 meetings of the Managing Committee were held



PRESIDENT
Mr. Abul Hassan Gokal



VICE PRESIDENT
Mr. Hassan Akber



HON. SECRETARY
Maulana Asghar Hussain Shaheedi



HON. JOINT SECRETARY
Mr. Yawar Abbas Kumaili



HON. TREASURER
Mr. Asker Ali Basrawala



MEMBER
Mr. Abul Qasim Lakhani



MEMBER
Mr. Adeel Kapasi



MEMBER
Mr. Ahmed Abbas Virani



MEMBER
Mr. Aqeel Bhanji



MEETINGS OF MANAGING COMMITTEE

From 1st July 2021 to 30th June 2022, total 15 meetings of the Managing Committee were held



MEMBER

Dr. Mehdi Nayani



MEMBER

Mr. Mehdi Hassan Haryani



MEMBER

Dr. Murtaza Ali Gova



MEMBER

Mr. Mohsin Ali Yasin Gheewala



MEMBER

Mr. Muhammed Raza Noorani



MEMBER

Mr. Yawar Abbas Farishta



WOMAN COUNCILLOR

Ms. Anum Askari Devjani



WOMAN COUNCILLOR

Ms. Khadija Maisum



WOMAN COUNCILLOR

Ms. Maria Noorani

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

REPORT OF THE HONORARY TREASURER

FOR THE YEAR ENDED 30TH JUNE, 2022

Respected Members,

Assalam-o-Alaykum,

It is an immense pleasure and honor to present the Khoja (Pirhai) Shia Isna Asheri Jamaat (KPSIAJ) Annual Audited Financial Statements for the year ended June 30, 2022.

In this year, KPSIAJ's financial performance reflected the continuous efforts to cover the devastating impacts of COVID-19 pandemic through the efficient management of resources with particular focus on progress towards objectives of KPSIAJ. Alhamdulillah, this year, the KPSIAJ's net results shows surplus of Rs. 1.46 million in comparison to a deficit of Rs. 15.04 million in the prior year. Various financial and operational reforms along with the substantial support and generosity of community members and well-wishers in financial and non-financial aspects have contributed to the achievements.

With the core objective of providing high quality healthcare, education and other facilities for the community along with increasing the horizon of welfare activities for the deserving members, the Managing Committee focused on defining more effective strategies for the attainment of its objective.

Financial Performance Review:

The overall financial performance of KPSIAJ including its several units is mentioned below:

- During the current year, Fatimiyah Hospital (FH) incurred a net deficit of Rs. 1.84 million (2021: Rs. 6.72 million). High-quality services at discounted prices resulted in an increase of footfall of both outpatient and admitted patients which contributed to an increase in its revenue amounting to Rs. 60.65 million. Whereas cost of service has been increased by Rs. 30.14 million only due to efficient utilization of resources.

In the recognition of efforts made by FH, Government of Sindh provided Grant amounting to Rs. 50 million during the year for purchase of medical equipment and patient welfare. Additionally, with help of its well-wishers FH has made significant efforts to acquire CT Scan machine subsequent to the year end.

- After being severely impacted by the pandemic, Fatimiyah Education Network (FEN) has taken its stride to improve its fee recoveries from students and assistance from valued donors to streamline the net inflows. Inflation imposed significant challenges to maintain the operating cost which showed an increase in the cost of service by Rs. 25.37 million, however, cost effective measures and better utilization of resources led to decrease in the deficit by Rs. 2.17 million as compared to the prior year. Moreover, FEN remained focused on its strategic objective of quality enhancement by inducting competent faculty and organizing several training sessions and seminars for the teachers and students.
- Furthermore, KPSIAJ also provides Sports, Transport, Funeral, Matrimonial, Recreation and other facilities to its community members. In the current year, deficit on such services have been increased by Rs 6.18 million. KPSIAJ focused to keep its promise to maintain provision of aforementioned services at reasonable cost and bearing the significant portion of burden caused by the inflation.

Moreover, our patrons have increased their contributions to Endowment Funds to Rs. 156.21 million (2021: Rs. 147.71 million).

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

REPORT OF THE HONORARY TREASURER

FOR THE YEAR ENDED 30TH JUNE, 2022

Accomplishments At A Glance:

The management of KPSIAJ has set various goals to satisfy their strive for excellence. During this year, the worth mentioning milestones initiated but achieved subsequently are as follows:

- After an independent evaluation of all the processes of KPSIAJ including but not limited to overall reporting structure, policies and procedures of all key areas, Financial Management and Controls, Human Resources Management, Healthcare and Educational systems, Welfare Services and overall control mechanism during the visits by PCP staff and through online evaluation also, Pakistan Center for Philanthropy (PCP) has awarded KPSIAJ as PCP Certified NPO.

PCP Certification is a reflection of the countless efforts made by KPSIAJ Managing Committee and its employees who worked so hard for the prosperity of KPSIAJ & Khoja Community. This will also enhance the credibility of KPSIAJ, increase our donors/ well-wishers'/community members confidence.

- Allhumdolliah, KPSIAJ has received the award of ACCA Approved Employer, in recognition of the support provided to community ACCA trainees working towards the ACCA Qualification or Certified Accounting Technician (CAT) holder.
- To extend the operational efficiency and have common data point, the management after extensive scrutiny have identified an ERP Solution matching our need and work on its implementation has been initiated in the current year.

I take this opportunity to thank our valuable community members and well-wishers for their persistent support and confidence in the management of KPSIAJ. Also, I appreciate the employees for their commitment and eagerness for operational excellence. Finally, a special thanks to all the subcommittee members and professional acquaintances for providing assistance & expertise to continue with the successful journey of transformation at KPSIAJ.



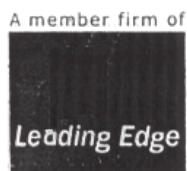
Asker Ali Basrawala
Honorary Treasurer

Karachi Dated: 03 December 2022

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

AUDITOR'S REPORT

FOR THE YEAR ENDED 30TH JUNE, 2022



**DOSSANI
ASSOCIATES**
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT COMMITTEE

Opinion

We have audited the financial statements of KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT, which comprise the statement of financial position as at June 30, 2022, the statement of income and expenditure, the statement of other comprehensive income, the statement of changes in funds and reserves, the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects the financial position as at June 30, 2022, and of its financial performance and its cash flows for the year ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

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 society 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 for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Committee 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, the Management Committee is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 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:

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

AUDITOR'S REPORT

FOR THE YEAR ENDED 30TH JUNE, 2022

A member firm of



**DOSSANI
ASSOCIATES**
Chartered Accountants

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management committee 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.

Dossani Associates
DA

DOSSANI ASSOCIATES
CHARTERED ACCOUNTANTS

Karachi: December 03, 2022

Engagement Partner: Afzal Hussein Dossani, FCA

UDIN Number: AR202210307WcPXJK5MI

Suite 113, 3rd Floor, Hafeez Centre,
A/34, KCHS, Block 7&8, Shahrah-e-Faisal, Karachi.
T: 021 3439 2361-2 and 021 3452 9788
E-mail: dossani.associates@gmail.com

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		Rupees	
RESERVES, FUNDS AND LIABILITIES			
RESERVES		809,388,235	762,190,579
FUNDS			
Endowment funds	4	156,219,727	147,707,444
Other funds	5	27,350,187	27,554,805
		183,569,914	175,262,249
		992,958,149	937,452,828
NON CURRENT LIABILITIES			
Long term loan	6	-	21,138,223
Deferred liability - Government Grant	7	34,612,524	-
		34,612,524	21,138,223
CURRENT LIABILITIES			
Accrued expenses and other liabilities	8	49,648,980	71,389,131
Current portion of long term loan		21,138,220	42,276,436
Current portion deferred liability - Government Grant		7,043,653	-
		77,830,853	113,665,567
TOTAL RESERVES, FUNDS AND LIABILITIES		1,105,401,526	1,072,256,618
ASSETS			
NON CURRENT ASSETS			
Property and equipment	9	743,069,723	741,872,282
Investment of funds	10	183,569,914	175,262,248
Long term deposits		3,558,710	3,558,710
		930,198,347	920,693,240
CURRENT ASSETS			
Short term investment		20,806,231	40,533,657
Consumable stocks		48,357,985	40,417,406
Advances and other receivables	11	29,709,021	8,333,373
Advance tax		23,375,375	23,167,209
Cash and bank balances	12	52,954,567	39,111,733
		175,203,179	151,563,378
TOTAL ASSETS		1,105,401,526	1,072,256,618
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes from 1 to 22 form an integral part of these financial statement.

Abul Hassan Gokal
President

Asghar Hussain Shaheedi
Honorary Secretary

Asker Ali Basrawala
Honorary Treasurer

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

STATEMENT OF INCOME AND EXPENDITURE ACCOUNT


FOR THE YEAR ENDED 30 JUNE 2022

		2022			
	Note	Education	Medical	Others	Total
		Rupees			
Excess of expense over income	14,15 & 16	(52,970,512)	(8,787,636)	(31,532,323)	(93,290,471)
Funded through:					
Donation and other income		46,084,826	4,781,978	35,755,080	86,621,884
Amortization of grant	7	-	1,541,640	-	1,541,640
Return on funds		5,932,159	619,954	38,732	6,590,845
		52,016,985	6,943,572	35,793,812	94,754,369
Taxation	18	-	-	-	-
Transferred to revenue reserve		(953,527)	(1,844,064)	4,261,489	1,463,898

		2021			
	Note	Education	Medical	Others	Total
		Rupees			
Excess of expense over income	14,15 & 16	(46,116,112)	(38,981,581)	(22,767,921)	(107,865,614)
Funded through:					
Donation and other income		38,160,705	31,895,492	17,010,041	87,066,238
Return on funds		4,828,574	361,067	-	5,189,641
		42,989,279	32,256,559	17,010,041	92,255,879
Taxation	18	-	-	-	-
Transferred to revenue reserve		(3,126,833)	(6,725,022)	(5,757,880)	(15,609,735)

The annexed notes from 1 to 22 form an integral part of these financial statement.


Abul Hassan Gokal
 President


Asghar Hussain Shaheedi
 Honorary Secretary


Asker Ali Basrawala
 Honorary Treasurer

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		Rupees	
Excess / (shortfall) for the year		1,463,898	(15,609,735)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		1,463,898	(15,609,735)

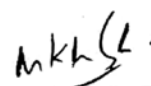
The annexed notes from 1 to 22 form an integral part of these financial statement.



Abul Hassan Gokal
President



Asghar Hussain Shaheedi
Honorary Secretary



Asker Ali Basrawala
Honorary Treasurer

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

STATEMENT OF CHANGES IN FUNDS AND RESERVES

FOR THE YEAR ENDED 30 JUNE 2022

2022					
	Capital Reserves	Revenue Reserves	Capital & Revenue Reserves	Endowment Funds	Other Funds
	Rupees				
Opening balance	754,147,415	8,043,164	762,190,579	147,707,444	27,554,805
Increase/ (decrease) during the year					
Education	515,000	(953,527)	(438,527)	4,076,195	(204,618)
Medical	30,168,758	(1,844,064)	28,324,694	3,531,784	-
Others	15,050,000	4,261,489	19,311,489	904,304	-
	45,733,758	1,463,898	47,197,656	8,512,283	(204,618)
Movement in reserves due to changes in property & equipment	(38,208,149)	38,208,149	-	-	-
Closing balance	761,673,024	47,715,211	809,388,235	156,219,727	27,350,187
2021					
	Capital Reserves	Revenue Reserves	Capital & Revenue Reserves	Endowment Funds	Other Funds
	Rupees				
Opening balance	784,275,462	(11,968,148)	772,307,314	130,160,632	26,611,939
Increase/ (decrease) during the year					
Education	-	(3,126,833)	(3,126,833)	12,637,058	942,866
Medical	2,500,000	(6,725,022)	(4,225,022)	4,909,754	-
Others	2,993,000	(5,757,880)	(2,764,880)	-	-
	5,493,000	(15,609,735)	(10,116,735)	17,546,812	942,866
Movement in reserves due to changes in property & equipment	(35,621,047)	35,621,047	-	-	-
Closing balance	754,147,415	8,043,164	762,190,579	147,707,444	27,554,805

The annexed notes from 1 to 22 form an integral part of these financial statement.

Abul Hassan Gokal
President

Asghar Hussain Shaheedi
Honorary Secretary

Asker Ali Basrawala
Honorary Treasurer

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/ (Deficit) for the year		1,463,898	(15,609,735)
Adjustment for:			
Loss on sale of equipment		567,369	475,870
Grant amortization - medical equipment & patient welfare	7	(8,343,823)	-
Depreciation	9	37,007,777	34,690,177
		30,695,221	19,556,312
Working capital changes			
(Increase) / decrease in current assets			
Consumable stocks		(7,940,579)	(5,841,496)
Advances and other receivable		(21,583,814)	12,467,538
Short term investments		19,727,426	19,339,265
		(9,796,967)	25,965,307
(Decrease) / Increase in current liabilities			
Accrued expenses and other liabilities		(21,740,151)	(46,848,993)
Current portion of long term loan		(21,138,216)	28,286,085
		(42,878,367)	(18,562,908)
Net cash (used in) / generated from operating activities		(21,980,113)	26,958,711
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(39,405,591)	(31,646,869)
Sale proceeds on disposal of equipments		633,004	455,000
Long term deposit		-	36,629
Investment of funds		(8,307,666)	(18,489,677)
Net cash used in investing activities		(47,080,253)	(49,644,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital reserves		45,733,758	5,493,000
Government grant		50,000,000	-
Endowment funds		8,512,283	17,546,812
Other funds		(204,618)	942,866
Long term loan		(21,138,223)	(20,832,836)
Net cash generated from financing activities		82,903,200	3,149,842
Net change in cash and cash equivalents		13,842,834	(19,536,364)
Cash and cash equivalents at the beginning of the year		39,111,733	58,648,097
Cash and cash equivalents at end of the year		52,954,567	39,111,733

The annexed notes from 1 to 22 form an integral part of these financial statement.

Abul Hassan Gokal
President

Asghar Hussain Shaheedi
Honorary Secretary

Asker Ali Basrawala
Honorary Treasurer

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 LEGAL STATUS AND NATURE OF ENTITY

Khoja (Pirhai) Shia Isna Asheri Jamaat (KPSIAJ) was established in the year 1892. It was registered on 01 April 1965 under the Societies Registration Act, 1860 and works as a welfare organization. Principal Office KPSIAJ is situated at 174, Britto Road, Numaish, Karachi.

KPSIAJ operates Fatimiyah Hospital, Fatimiyah Education Network and other welfare services are also carried with core objective is to provide accessible and affordable quality healthcare and education to all specially community with dignity, respect and empathy.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with "Accounting Standard for Not for Profit (NPOs) as prescribed by Institute of Chartered Accountants of Pakistan (ICAP) , and the International Financial Reporting Standards (IFRS) as applicable in Pakistan.

2.2 Basis of measurement

These accounts have been prepared on the basis of historical cost convention. The accounting policies have been consistently applied by the KPSIAJ with those of previous years.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the KPSIAJ's functional and presentation currency and have been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements is in conformity with the accounting and reporting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of 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 judgments about the carrying values of 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and judgments made by management in the application of accounting and reporting standards as applicable in Pakistan, that have significant affect the financial statements and estimates with a significant risk of material adjustments in the subsequent years are as follows:

Property and equipment

KPSIAJ reviews the rate of depreciation useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future year might affect the financial results of next and subsequent years.

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation except leasehold land and capital work-in-progress which are stated at cost. Asset received as donation are recorded at fair value. In case fair value can not be reasonably determined such donations be recorded at nominal value.

Depreciation

Depreciation is charged on reducing balance method except for computer equipment which is depreciated on straight line method at rates specified in note 9. A full year's depreciation is charged on all additions. No depreciation is charged for assets disposed off during the year.

Where separately identifiable parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Expenses on repairs and maintenance are charged to income and expenditure account.

Gains or losses on disposal of property and equipment are included in income and expenditure account.

3.2 Consumable stocks

Consumable stocks is valued at lower of cost and net realizable value. Net realizable value signifies the selling prices in the ordinary course of business less costs necessary to be incurred in order to make the sales.

3.3 Debtors

These are initially recognized at cost which represents fair value and are subsequently stated at amortized cost less impairment losses. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past year is used to base the calculation of expected credit loss.

3.4 Cash and cash equivalents

Cash and cash equivalents comprises of cash and bank balances (including term deposits having maturity of up to three months at the reporting date) that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

3.5 Retirement benefits

3.5.1 Defined contribution plan

KPSIAJ operates a provident for its permanent employees. Equal monthly contribution are made both by the KPSIAJ and the employees to the fund at the rate of 8.33% of basic salary.

3.5.2 Compensated absences

Accrual is made for employees' compensated absences on the basis of the accumulated leaves and the last drawn pay as determined by the management.

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

3.6 Provisions

Provisions are recognized when the KPSIAJ has a legal or constructive obligations as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

3.7 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani rupee at the exchange rates prevailing at the date of transactions, monetary assets and liabilities denominated in foreign currencies are translated into Pakistani rupee at the exchange rates prevailing at the reporting date. Exchange differences are included in the income and expenditure account currently.

3.8 Endowment funds

The objective of this fund is to make investments to generate income (refer note 3.15) which can be used for education, medical and other services as per the defined purposes of the respective funds.

3.9 Offsetting

Financial assets and liabilities are set-off and the net amount is reported in the statement of financial position when and only when, KPSIAJ has legally enforceable right to set-off the amounts and KPSIAJ intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously, income and expenses are presented on net basis only when permitted by the accounting and reporting standards

3.10 Investments

Investments are stated at fair market value as of reporting date.

3.11 Revenue recognition

- Revenue from medical services for out-patient department is recognized at point in time whereas revenue from in-patient department is recognized over time as the services are provided.
- Incase of education services fee income is recognized on accrual basis.
- Admission fees from medical and education services are recognized as income when received.
- Donation are recorded as income when received. Whereas, grant are recognized in the manner given in note 3.12.
- Return on investments is recognized at effective rate of return. Whereas, dividend income is recorded when annouced and right to receive are established.
- Rental income is recognized in the income and expenditure account as per the terms of rent agreements.
- Other income is recorded on receipt basis.

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

3.12 Government grants

Government grants are recognized at fair value, as deferred income when received.

Grants that compensate KPSIAJ for expenses incurred are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an assets are recognized in income on a systematic basis over the expected useful life of the related assets.

3.13 Taxation

In accordance with Sub-section 1 of 100C of Income Tax Ordinance, 2001, KPSIAJ is eligible for 100% tax credit. Accordingly, no provision is required for current / deferred tax in these financial statements.

3.14 Financial instruments

3.14.1 Financial assets

Classification

KPSIAJ classifies its financial assets in the following categories:

a) At amortised cost

Financial assets at amortised cost are held within a business model whose objective is to collect contractual cash flows on specified dates when those cash flows represent solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised in profit or loss.

b) At fair value through other comprehensive income (FVOCI)

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

c) At fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt instruments that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Recognition and measurement

KPSIAJ recognises a financial asset when it becomes party to the contractual provisions of the instrument. Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets are subsequently remeasured to fair value or amortised cost as the case may be. Any gain or loss on the recognition and derecognition of the financial assets is included in profit or loss for the period in which it arises.

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are recognised in the profit or loss.

Dividends from such investments continue to be recognised in the profit or loss when KPSIAJ's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Transaction costs that are directly attributable to the acquisition of the financial asset are made part of cost of the asset except for financial assets at fair value through profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and KPSIAJ has transferred substantially all risks and rewards of ownership. Assets that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not financial instruments of KPSIAJ.

3.14.2 Financial liabilities

All financial liabilities are recognised at the time when KPSIAJ becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value minus transaction costs. Financial liabilities at fair value through the profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, 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 and 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 profit or loss.

3.15 Income earned on investments

Income earned on investments during the year are purified as per the guidelines prescribed by Shariah advisors; whereas, remaining income is reflected in statement of income and expenditure account.

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	30 June 2022	30 June 2021
	Rupees	
4 ENDOWMENT FUNDS		
Education	140,841,022	136,764,827
Medical	14,474,401	10,942,617
General	904,304	-
	156,219,727	147,707,444

- 4.1** These represents contribution received from donors with stipulation of principal amount to be kept intact while the income earned on related investment could be used for the respective purpose.

5 OTHER FUNDS

This includes funds for education service to utilize in exceptional circumstances incase of future shortage of funds as per their agreements.

6 LONG TERM LOAN

Loan outstanding	21,138,220	63,414,659
Less: current portion of loan	(21,138,220)	(42,276,436)
	-	21,138,223

This represents loan obtained under refinance scheme of the State Bank of Pakistan on services charge basis @ 3% p.a.

7 DEFERRED GRANT - GOVERNMENT

	Note	2022		
		Medical equipment	Patient welfare	Total
Balance at the beginning of the year		-	-	-
Addition (receipt during the year)	7.1	40,000,000	10,000,000	50,000,000
Utilized (amortized during the year)	7.2	(1,541,640)	(6,802,183)	(8,343,823)
Balance at the end of the year		38,458,360	3,197,817	41,656,177
Less: current maturity of deferred income		(3,845,836)	(3,197,817)	(7,043,653)
		34,612,524	-	34,612,524

- 7.1** During the year Rs. 50 million was received from Government of Sindh against procurement of medical equipments and provision of patient services to provide better healthcare facilities to underprivilege.

- 7.2** This represents depreciation charged at the rate of 10% on medical equipments amounting Rs. 15.416 million purchased, whereas Rs. 6.80 million was utilized in order to provide free medical services to indigent patients.

	Note	30 June 2022	30 June 2021
		Rupees	
8 ACCRUED EXPENSES AND OTHER LIABILITIES			
Accrued expenses		9,939,022	9,644,432
Family relation committee		3,355,640	2,318,854
Funds for specific purposes	8.1	26,884,382	31,732,709
Other liabilities		9,469,936	27,693,136
		49,648,980	71,389,131
8.1 Funds for specific purposes:			
Higher education scholarship		15,212,479	10,578,559
Patients' welfare		387,365	5,969,314
Others		11,284,538	15,184,836
		26,884,382	31,732,709

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

9 PROPERTY AND EQUIPMENT

Operating assets
Capital work in progress

Note	30 June 2022	30 June 2021
	Rupees	
9.1	740,187,853	741,272,282
9.2	2,881,870	600,000
	743,069,723	741,872,282

9.1 Operating assets

Description	Cost			Rate	Accumulated Depreciation			Carrying value as at 30 June 2022
	As at 01 July 2021	Additions	Disposal		As at 01 July 2021	Disposal for the period	As at 30 June 2022	
30 June 2022								
Leasehold Land	287,575,578	-	-	-	-	-	-	287,575,578
Building	444,539,893	219,724	-	5%	152,409,889	14,617,486	167,027,375	277,732,242
Computer Equipment	16,507,699	1,198,325	(615,700)	33%	15,139,565	806,775	15,476,532	1,613,792
Furniture and Fixtures	63,923,374	763,635	(1,015,550)	10%	31,712,874	3,228,529	34,614,693	29,056,766
Medical & Office Equipments	232,346,531	19,942,037	(733,570)	10%	110,336,773	14,159,326	124,128,169	127,426,829
Vehicles	22,328,192	15,000,000	-	20%	16,349,884	4,195,661	20,545,545	16,782,647
	1,067,221,267	37,123,721	(2,364,820)		325,948,985	(1,164,448)	361,792,315	740,187,853

Description	Cost			Rate	Accumulated Depreciation			Carrying value as at 30 June 2021
	As at 01 July 2020	Additions	Disposal		As at 01 July 2020	Disposal	As at 30 June 2021	
30 June 2021								
Leasehold Land	287,575,578	-	-	-	-	-	-	287,575,578
Building	443,975,261	564,632	-	5%	137,034,626	-	152,409,889	292,130,004
Computer Equipment	19,399,500	956,224	(3,848,025)	33%	18,035,000	(3,579,399)	15,139,565	1,368,134
Furniture and Fixtures	59,447,220	4,476,154	-	10%	28,133,930	-	31,712,874	32,210,500
Medical & Office Equipments	208,564,272	25,049,859	(1,267,600)	10%	97,384,699	(605,356)	110,336,772	122,009,759
Vehicles	22,328,192	-	-	20%	14,855,308	-	16,349,885	5,978,307
	1,041,290,023	31,046,869	(5,115,625)		295,443,563	(4,184,755)	325,948,985	741,272,282

9.1.1 Attribution of depreciation for the year is as follows:

	30 June 2022	30 June 2021
	Rupees	
Education	8,053,930	8,610,300
Medical	21,000,724	20,807,409
Administrative	933,049	449,550
Others	7,020,074	4,822,918
	37,007,777	34,690,177

9.2 CAPITAL WORK IN PROGRESS

Opening Balance	-
Addition during the year	600,000
Closing balance	600,000

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		Rupees	
10 INVESTMENT OF FUNDS			
Term deposit receipt	10.1	20,000,000	20,000,000
Investment in Government securities (T-Bills)	10.2	295,113,135	284,218,180
Investment in equity securities		6,011,219	7,314,172
Investment in mutual funds	10.3	7,006,457	7,974,683
		<u>328,130,811</u>	<u>319,507,035</u>
Less: Retirement benefit funds		(123,754,666)	(103,711,130)
Less: Short term investment		(20,806,231)	(40,533,657)
		<u>183,569,914</u>	<u>175,262,248</u>

10.1 This includes amount placed with banks for period ranging between six month and one year. These carry mark-up at a range between 6.10% to 11.85% (2021: 6.10% to 7.00%) per annum.

10.2 This represents investment in Government Securities (T-Bills). These carry mark-up at a range between 14.44% to 14.66% (2021: 7.57% to 7.67%) per annum.

10.3 This represents investment in National Investment Unit Trust having NAV of Rs. 64.99 (2021: Rs. 75.33) on 107,808 (2021:105,863) units.

	30 June 2022	30 June 2021
	Rupees	
11 ADVANCES AND OTHER RECEIVABLES		
Staff - considered good	935,642	630,769
Other receivables and advances	28,773,379	7,702,604
	<u>29,709,021</u>	<u>8,333,373</u>
12 CASH AND BANK BALANCES		
Cash in hand	3,290,830	1,004,697
Cash at bank	49,663,737	38,107,036
	<u>52,954,567</u>	<u>39,111,733</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There are no contingencies as at 30 June 2022.

13.2 Commitments

Commitments in respect of acquisition of medical equipments related activities as at 30 June 2022 amounted to Rs. 39.77 million.

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		Rupees	
14 EDUCATION			
Income			
Tuition fee - net		165,409,712	146,780,644
Expenses			
Salaries, allowances and benefits		157,778,226	141,958,587
Rent, rates and taxes		373,242	319,242
Printing and stationery		3,738,689	2,172,526
Utility and communication		7,954,952	5,087,052
Repairs and maintenance		2,381,750	2,294,964
Fuel expenses		626,738	188,390
Subscription & registration		411,372	359,300
Sports activities		2,915,082	2,650,532
Training and vocational		2,152,006	308,200
Depreciation	9.1.1	8,053,930	8,610,300
Insurance		1,254,326	742,904
Entertainment		822,514	911,623
Travelling and conveyance		1,277,288	214,120
Office supplies		767,078	630,194
Promotional expenses		492,826	334,708
Others		189,227	212,669
Allocation of administrative expenses	17.1	27,190,979	25,901,445
		218,380,224	192,896,756
Excess of expense over income		(52,970,512)	(46,116,112)

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		Rupees	
15 MEDICAL			
Income			
Service income - net		315,789,983	255,138,926
Expenses			
Salaries, allowances and benefits		208,552,545	190,411,758
Utility and communication		35,478,614	26,519,986
Repairs and maintenance		15,042,702	18,069,932
Printing and stationery		5,294,856	3,929,318
Rent rates and taxes		284,852	242,290
Depreciation	9.1.1	21,000,724	20,807,409
Travelling and conveyance		211,408	358,680
Fuel expenses		5,379,528	3,900,536
Insurance		1,324,920	982,279
Entertainment		143,720	215,744
Promotional expenses		385,730	85,730
Office supplies		630,209	313,933
Subscription & registration		48,000	216,800
Training and vocational		250,740	-
Service charges on SBP facility		1,130,097	2,287,940
Legal and professional expense		300,000	-
Others		17,725	4,294
Allocation of administrative expenses	17.1	29,101,249	25,773,878
		324,577,619	294,120,507
Excess of expense over income		(8,787,636)	(38,981,581)

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022	30 June 2021
		Rupees	
16 OTHER SERVICES			
Bhojani hall		(2,455,096)	(2,337,567)
Allama Hajji Ghulam Ali Library		(1,384,687)	(1,267,349)
Seminars, meetings, commemoration		(2,035,755)	(1,076,222)
Women wing programmes		(475,881)	(18,742)
Membership services		(2,042,245)	(2,187,662)
Family park		(1,214,242)	(1,009,206)
Fatimiyah sports complex		(8,699,147)	(8,776,099)
Matrimonial services		80,980	1,778,240
Graveyards		(4,747,424)	(3,116,506)
Fatimiyah community centre		(3,443,753)	(1,980,064)
Transportation services		(5,115,073)	(2,776,744)
Excess of expense over income		(31,532,323)	(22,767,921)
17 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits		51,131,415	48,891,546
Utility and communication		3,676,109	1,713,503
Repairs and maintenance		3,352,721	2,913,157
Promotional expenses		712,516	2,251,500
Fees and subscription		738,023	15,000
Printing and stationery		694,926	741,379
Entertainment		934,904	1,214,383
Travelling and conveyance		55,087	57,309
Rent, rates and taxes		604,200	133,993
Depreciation	9.1.1	933,049	449,550
Fuel		1,288,032	707,307
Insurance		405,583	122,768
Others		1,645,966	1,271,829
		66,172,531	60,483,224
17.1 DISTRIBUTION OF ADMINISTRATIVE EXPENSES			
Education		27,190,979	25,901,445
Medical		29,101,249	25,773,878
Others		9,880,303	8,807,901
		66,172,531	60,483,224

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

18 TAXATION

The KPSIAJ has not recognized provision for current and deferred tax in accordance with the provision of Section 100C of Income Tax Ordinance, 2001 (ITO), which states that KPSIAJ shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of the ITO, subject to the following conditions:

- Return has been filed.
- Tax required to be deducted or collected has been deducted or collected and paid.
- Withholding tax statements for immediately preceding tax year have been filed; and
- The administrative and management expenditure does not exceed 15% of the total receipts.

The KPSIAJ has complied with the aforementioned conditions of the ITO and has also obtained a certificate from Pakistan Centre of Philanthropy.

19 TRANSACTIONS WITH RELATED PARTIES

Related parties include the Managing Committee (MC) Members, associated undertakings in which MC hold common directorship, key position or their close family members and key management personnel of the KPSIAJ.

Remuneration of a key management persons is in accordance with the terms of the employment. Other transactions are at agreed terms. Details of transactions with related parties, other than those which have been disclosed explicitly elsewhere in these financial statements are as follows:

Relationship	Amount outstanding at year end	30 June 2022	30 June 2021
		Rupees	
Close family members of MC	Liabilities	<u>1,879,372</u>	<u>4,458,818</u>
Relationship	Transactions during the year		
Close family members of MC	Payment against purchases	<u>40,699,906</u>	<u>27,309,186</u>
	Payment against services	<u>685,850</u>	<u>715,218</u>
	Salaries paid	<u>127,086</u>	<u>740,365</u>
Managing Committee Members	Donation received	<u>7,510,250</u>	<u>3,035,500</u>
	Consultant share paid	<u>1,211,456</u>	<u>1,156,083</u>
Remuneration of Key Management Persons		<u>32,569,623</u>	<u>28,193,597</u>

The Managing Committee do not draw any remuneration and work on an honorary basis.

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FOR THE YEAR ENDED 30 JUNE 2022

20 PROVIDENT FUND DISCLOSURE

KPSIAJ operates a contributory provident fund for all its permanent employees. Salaries, wages and other benefits include Rs.14.60 million (2021: Rs.13.69 million) in respect of provident fund contribution made by the KPSIAJ.

Details of net assets and investments of the fund based on the unaudited financial statements of the fund are as follows:

	30 June 2022	30 June 2021
	Rupees	
Size of the fund - net assets	133,088,907	110,353,206
Cost / fair value of investments made	123,754,666	103,711,130
Percentage of the investments made	93%	94%

21 FINANCIAL RISK MANAGEMENT

The Management committee (MC) of the KPSIAJ has overall responsibility for the establishment and oversight of the KPSIAJ's risk management framework. The MC is also responsible for developing and monitoring the KPSIAJ's risk management policies. The KPSIAJ's risk management policies are established to identify and analyse the risk faced by the KPSIAJ, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the KPSIAJ's activities.

KPSIAJ's activities exposes it to a variety of financial risks such as:

- Credit risk
- Liquidity risk and
- Market risk

21.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparty to the financial instrument fails to perform as contracted.

Credit risk arises from the inability of the issuers of the instruments the relevant financial institutions or other counterparties to fulfill their contractual obligations resulting in financial loss to the KPSIAJ. The credit risk of the KPSIAJ mainly arises from its investments in representing failure of the investee companies in repayment of principal and / or the return due on such investments. The KPSIAJ is also exposed to counterparty credit risk on bank balances, long term deposits, accrued income and other receivable balances.

21.1.1 Credit risk management

The KPSIAJ assesses all counterparties for credit risk before contracting with them. It is the KPSIAJ's policy to enter into financial contracts with reputable and creditworthy counterparties. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk before any credit enhancements at the reporting date was:

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	30 June 2022	30 June 2021
	Rupees	
Deposits	3,558,710	3,558,710
Investments	204,376,145	215,795,905
Advances and other receivables	29,709,021	8,333,373
Bank balances	49,663,737	38,107,036
	<u>287,307,613</u>	<u>265,795,024</u>

Deposits

The KPSIAJ has deposited various amounts as security to suppliers against provisioning of different services. The management does not expect to incur material losses on such deposits and consider such amounts receivable on the termination of service contract from respective suppliers.

Investments

The KPSIAJ manages credit risk arising from term deposit receipts by making investments in commercial banks having satisfactory credit rating.

There is no significant credit risk against other investments as majority is in Government securities.

Advances and other receivables

These represent amount receivable mainly from corporate clients, management considers that such amount is due under agreement and counterparties pay the respective amount in normal course. In event of default management reserves right to claim its due under agreement with counterparties. Nonetheless a significant portion of the receivable have already been received subsequent to the year end.

Bank balances

The KPSIAJ kept surplus liquidity with banks having long term credit rating. Currently, the surplus funds are kept with banks having following ratings:

	Rating agency	Rating	
		Short term	Long term
Bank Al Habib	PACRA	A1+	AAA
Habib Metropolitan Bank	PACRA	A1+	AA+

21.2 Liquidity risk management

Liquidity risk reflects the KPSIAJ's inability in raising funds to meet commitments. Management closely monitors KPSIAJ's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

Ultimate responsibility for liquidity risk management rests with the MC, which has built an appropriate liquidity risk management framework for the management of the KPSIAJ's short, medium and long-term funding and liquidity management requirements. The KPSIAJ manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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21.2.1 Reconciliations of movements of liabilities in cashflows arising from funding activities:

	2022		
	Long term loan	Accrued expenses and other liabilities	Total
Balance as at July 2021	63,414,659	71,389,131	134,803,790
Changes from financing cash flows			
Proceeds from loan under SBP scheme	-	-	-
Repayment of loan under SBP scheme	(42,276,439)	-	(42,276,439)
Net changes in others	-	(21,424,045)	(21,424,045)
Total changes from financing activities	(42,276,439)	(21,424,045)	(63,700,484)
Other changes:			
Interest expense	-	1,130,097	1,130,097
Interest paid	-	(1,446,203)	(1,446,203)
	-	(316,106)	(316,106)
Balance as at 30 June 2022	21,138,220	49,648,980	70,787,200

	2021		
	Long term loan	Accrued expenses and other liabilities	Total
Balance as at July 2020	55,961,410	118,238,124	174,199,534
Changes from financing cash flows			
Proceeds from loan under SBP scheme	28,591,469	-	28,591,469
Repayment of loan under SBP scheme	(21,138,220)	-	(21,138,220)
Net changes in others	-	(47,118,710)	(47,118,710)
Total changes from financing activities	7,453,249	(47,118,710)	(39,665,461)
Other changes:			
Interest expense	-	2,287,940	2,287,940
Interest paid	-	(2,018,222)	(2,018,222)
	-	269,717	269,717
Balance as at 30 June 2021	63,414,659	71,389,131	134,803,790

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21.2.2 Liquidity and interest risk

The following schedule provide the detail of KPSIAJ's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the KPSIAJ can be requested to pay. The table Includes both interest and principal cash flows:

	Carrying amount	Contractual cash flows	Less than one year	More than one year	No stated maturity
30 June 2022	Rupees				
Long term loan	21,138,220	21,138,220	21,138,220	-	-
Accrued and other liabilities:					
Accrued expenses	9,939,022	9,939,022	9,939,022	-	-
Family relation committee	3,355,640	3,355,640	3,355,640	-	-
Funds for specific purposes	26,884,382	26,884,382	26,884,382	-	-
Other liabilities	9,469,936	9,469,936	9,469,936	-	-
	70,787,200	70,787,200	70,787,200	-	-
30 June 2021	Rupees				
Long term loan	63,414,659	63,414,659	42,276,436	21,138,223	-
Accrued and other liabilities:					
Accrued expenses	9,644,432	9,644,432	9,644,432	-	-
Family relation committee	2,318,854	2,318,854	2,318,854	-	-
Funds for specific purposes	31,732,709	31,732,709	31,732,709	-	-
Other liabilities	27,693,136	27,693,136	27,693,136	-	-
	134,803,790	134,803,790	113,665,567	21,138,223	-

21.3 Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices affect KPSIAJ's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns. KPSIAJ is exposed to interest rate risk as at 30 June 2022.

21.3.1 Interest rate risk management

Interest rate risks the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from financial assets and financial liabilities as stated below.

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At the reporting date, the interest rate profile of the KPSIAJ significant interest bearing financial instruments was as follows:

	2022	2021	2022	2021
	Effective interest rate (in %)		Carrying amounts (in rupees)	
Variable interest-bearing financial instrument				
Financial assets				
Bank balances	<u>5.5% to 12.25%</u>	<u>4.82% to 5.68%</u>	<u>49,663,736</u>	<u>38,107,036</u>
Fixed interest-bearing financial instrument				
Financial assets				
Term deposit receipt	<u>6.10% to 11.85%</u>	<u>6.10% to 7.00%</u>	<u>20,000,000</u>	<u>20,000,000</u>
Government securities (T-Bills)	<u>14.44% to 14.66%</u>	<u>7.57% to 7.67%</u>	<u>295,113,135</u>	<u>284,218,180</u>
Financial liabilities				
Loan under SBP scheme	<u>3.00%</u>	<u>3.00%</u>	<u>21,138,220</u>	<u>63,414,659</u>

Fair value sensitivity analysis for fixed rate instruments:

KPSIAJ does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at reporting date would not affect income and expenditure account.

Cashflow from sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates would have decreased / (increased) profit for the year by the amounts shown below.

	Income and expenditure 100 bps	
	Increase	Decrease
	Rupees	
As at 30 June 2022		
cashflow sensitivity -- variable rate financial assets	<u>496,637</u>	<u>(496,637)</u>
As at 30 June 2021		
cashflow sensitivity -- variable rate financial assets	<u>381,070</u>	<u>(381,070)</u>

The above sensitivity is not necessarily indicative of the actual effect of changes in interest rate as those are based on management's best estimate of possible change of interest rate in future.

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21.3.2 Foreign exchange risk management:

Foreign 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. The KPSIAJ is not involved in foreign exchange transaction as a result it is not exposed to any such risk

21.3.3 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.

Underlying the definition of fair value is the presumption that the KPSIAJ is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms:

The fair value of financial assets and liabilities traded in active markets i.e listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the KPSIAJ is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the KPSIAJ to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Unobservable inputs for the asset or liability (level 3).

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The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy.

On balance sheet financial instruments	30 June 2022		30 June 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	Amortized cost		Amortized cost	
	Rupees			
Financial assets not measured at fair values				
Deposits	3,558,710	-	3,558,710	-
Investments	204,376,145	-	215,795,905	-
Advances and other receivables	29,709,021	-	8,333,373	-
Cash and bank balances	49,663,737	-	38,107,036	-
	287,307,613	-	265,795,024	-
Financial liabilities not measured at fair values				
Long term loan	21,138,220	-	63,414,659	-
Accrued and other liabilities:				
Accrued expenses	9,939,022	-	9,644,432	-
Family relation committee	3,355,640	-	2,318,854	-
Funds for specific purposes	26,884,382	-	31,732,709	-
Other liabilities	9,469,936	-	27,693,136	-
	70,787,200	-	134,803,790	-

KPSIAJ has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair values.

21.3.4 Capital risk management:


KPSIAJ finances its operations primarily from the revenue received through medical, education, other services and donations. Apart from these, KPSIAJ also solicits donations for welfare as well as for financing its capital projects. KPSIAJ is not exposed to any externally imposed capital requirement.

22 GENERAL

22.1 Certain corresponding figures have been reclassified for a better comparison.

22.2 These financial statements were authorized for issue by the Managing Committee of KPSIAJ on 13th Nov, 2022.


Abul Hassan Gokal
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Asker Ali Basrawala
Honorary Treasurer



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