# ANNUAL ACCOUNTS For the year ended 2022 - 2023



# KHOJA (PIRHAI) SHIA ISNA ASHERI Jamaat

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## MESSAGE FROM THE PRESIDENT ABUL HASSAN GOKAL



#### Dear Members,

#### Assalam o Alaikum;

All praise be to Allah for His guidance through the greatest of all books, the Holy Quran; and the best of all creations, Prophet Muhammad (saww), and for providing us with the familiarization and love for the Ahle Bait - who are our beacon of light.

With the blessings of Allah, we have had one more successful year for which I express my sincere gratitude to all members of the Managing Committee, the volunteers and the donors for their enthusiastic support. Our elected term will soon come to an end - it has been a gratifying three years, one that we can all look back on with pride. Alhamdollillah!!

The previous two years had been quite chaotic due to COVID 19 pandemic and colossal floods. I am pleased that the Jamaat's performance was exemplary in both these years and thank Allah that 2022-23 has been free from crisis which allowed us to fully concentrate on our priorities. We had a successful financial year, even with the record welfare spending and turned the deficit around through operational efficiency, prudent spending and the generosity of our donors / endowment funds. We are grateful to the Government of Sind for donation of a brand-new coffin carrier and their financial grant.

As I write this letter, our heart bleeds for the bloodshed / hardships that the Palestinian families face in Gaza and the West Bank. Indeed, the situation is miserable in Palestine, Parachinar, and in the Indian Occupied Jammu and Kashmir. The Jamaat stands hand-in-hand in providing unwavering solidarity with these people. We are also helping WF to collect contributions. This year, the Khoja Heritage events focused on the miseries faced by these people. We are also gratified by the visit of the President of World Federation Alhaj Safder Jaffer during April 2023 and the opportunity of a fruitful exchange of thoughts with him. Through a series of events / seminars we have strived towards building the skills of our youth and preparing them for the upcoming challenges in this ever-evolving environment. We sponsored system development courses, offered a series of YES seminars and worked with the World Federation / regional associations for providing spiritual upliftment opportunity to our youth by visits to holy sites in Iraq.

The Fatimiyah Education Network provides education to nearly 3000 students (37% are children of Khoja families). More than half of our total students are provided with subsidies. FEN continues to make us proud through outstanding academic achievements - securing top positions consistently in Bachelor of Education (B Ed Hons) and Associate Degree of Education (ADE). FSON also continued to make us proud by achieving top nursing positions regularly over the past many years. We are moving forward quite rapidly to enhance our education system towards University level under its regulatory body, the Higher Education Commission.

The Fatimiyah Hospital also continued to show strong performance, catering to over 300,000 patients including those that receive welfare support. A major emphasis was on the development of human resources. The billing process was also improved. Efforts were made to make greater use of automation and the technologies we introduced last year started to pay dividends. We also did groundbreaking for the extension that is to be built on the plot of land we had acquired a few years ago.

Alhamdollillah, like every year the Women's Wing, Fatimiyah Community Center, MIS / IT, Security, Transportation, Family Relations et al, all made important contributions for the benefit of the Jamaat.

Let us all pray for our beloved country which is gripped by economic / political instability and the consequent inflation; the masses are suffering and deserve much needed relief. May the best leadership emerge to move the country forward.

Remember, coming together, staying together and working together is success. Let us pray that the teamwork we witness in KPSIAJ will continue to flourish and provide further impetus to the services offered by us. May we all continue to work tirelessly to meet the pleasure and expectations of the Awaited Savior, Imam Mahdi (AJTF). Aameen.

With best wishes, ABUL HASSAN GOKAL

# REFLECTIONS

## **SAYING OF PROPHET MUHAMMAD (SAWW)**

"The believer's shade on the Day of Resurrection will be his charity." "Whoever opens a way to a charitable deed is like the one that has done this good deed (himself)"



## MOHAMMAD ALI JINNAH: OUOTES FROM THE FOUNDER OF OUR NATION

"We must work our destiny in our own way and present to the world an economic system based on true Islamic concept of equality of manhood and social justice. We will thereby be fulfilling our mission as Muslims and giving to humanity the message of peace which alone can save it and secure the welfare, happiness and prosperity of mankind."

"My message to you all is of hope, courage and confidence. Let us mobilize all our resources in a systematic and organized way and tackle the grave issues that confront us with grim determination and discipline worthy of a great nation."



## SHAHEED HAMID ALI BHOJANI PRESIDENT (KPSIAJ) August 1988 - February 1995

25th February 1995 - Our Khoja pride Shaheed Hamid Ali Bhojani along with his friends got martyrdom in painful incidents at Mehfil e Murtaza (AS), PECHS and Imam Bargah Abul Fazlil Abbas (AS), PIB Colony.

Shaheed Hamid Ali Bhojani's legacy prevails till today, providing guidance and momentum for moving ahead. The vibrant Khoja community at large reflects his spirit and endeavors and a physical tour of the current facilities provide a glimpse of his contribution towards the prosperity of the community. His life and his martyrdom will be cherished as a beacon for upcoming generations.

Aligned with Shaheed Hamid Ali Bhojani's ideology, vision & mission, KPSIAJ has served the community and remains committed to serve the noble community with its blend of religious scholars, experienced seniors, young professionals & energetic volunteers.

## **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 17th December 2023 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 18th December, 2022.
- 3. To consider and adopt the report of Managing Committee for the year ended 30th June 2023.
- 4. To consider and adopt the Annual Accounts for the year ended on 30th June 2023 together with report of the Hon. Treasurer and Auditors.
- To appoint Auditors for the accounting year ending 30th June 2024 and fix their remuneration, if any.
- To appoint Election Chairman for the forthcoming elections of the Managing Committee of The Khoja (Pirhai) Shia Isna Asheri Jamaat, Karachi in the next Triennial General Meeting as required under the Constitution of Jamaat and its Bye-Laws.
- To consider any other matter with the permission of the Chair.
- 8. Recitation of Dua.

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Karachi: Dated: 3rd December 2023 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 30<sup>th</sup> June 2023 alongwith Hon. 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 from Jamaat Office Kharadar and Britto Road, Karachi.

## **MEETINGS OF MANAGING COMMITTEE** From 1st July 2022 to 30th June 2023, total 15 meetings

of the Managing Committee were held









**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



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## **MEETINGS OF MANAGING COMMITTEE**

From 1st July 2022 to 30th June 2023, total 15 meetings of the Managing Committee were held







**MEMBER** Dr. Murtaza Ali Gova

**MEMBER** 

Dr. Mehdi Nayani

**MEMBER** 

Mr. Mehdi Hassan Haryani

MEMBER Mr. Mohsin Ali Yasin Gheewala





MEMBER Mr. Muhammed Raza Noorani



MEMBER Mr. Muhammad Amin Tejani



WOMAN COUNCILLOR Ms. Anum Askari Devjiani

WOMAN COUNCILLOR Ms. Khadija Maisam Abbas





WOMAN COUNCILLOR Ms. Maria Noorani

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

## KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT REPORT OF THE HONORARY TREASURER FOR THE YEAR ENDED 30TH JUNE, 2023

## **Respected Members**,

## Assalam-o-Alaykum,

It is with great pleasure and immense honor to present the Khoja (Pirhai) Shia Isna Asheri Jamaat's (KPSIAJ) Annual Audited Financial Statements for the year ended June 30, 2023.

Alhamdulillah, during the year a net surplus amounting to Rs. 4.001 million (2022: Rs. 1.463 million) was achieved. This accomplishment is attributed to generous Community members and well- wishers for their continued support. Additionally, efficient management of resources enabled us to achieve our objectives despite exceptional economic challenges.

This year as well, the Management Committee took several new initiatives to ensure the continued socio – economic development of Community members. This was possible, largely due to unwavering commitment of volunteers and benevolence of donors.

## **Financial Performance Overview:**

## **Healthcare Services:**

Fatimiyah Hospital (FH) has reported a net surplus of Rs. 1.181 million (2022: net deficit of Rs. 1.844 million). During the year, net revenue for FH has increased by approximately 15% due to an increase in number of patients served and rationalization of service fee. Despite, increasing inflation and significant rupee depreciation, FH successfully restricted its cost increase to 16% due to effective planning and efficient resource utilization.

During the year, we have utilized grant received from Government of Sindh (GoS) amounting to Rs. 3.359 million for medical equipment and Rs. 8.203 million on patient treatment.



Asker Ali Basrawala Honorary Treasurer

## **Educational Services:**

Fatimiyah Education Network (FEN) has effectively transformed its financial outlook by reporting a net surplus of Rs. 0.459 million in the current fiscal year, a significant improvement from the net deficit of Rs. 0.953 million in 2022.

Amidst the formidable challenges of double-digit inflation and the resultant escalation in service costs, the Management Committee's effective decision- making and financial planning were instrumental in achieving the positive outcome.

During the year, expenses exceeding income amounting Rs. 65.041 million, were offset by the contributions from esteemed donors and the Government of Sindh with Rs. 22.739 million and Rs. 30 million respectively. Moreover, a profit of Rs. 12.761 million from the endowment fund played a crucial role in bridging this financial gap.

With the passion of "educating the humanity and nurturing the future minds", the KPSIAJ, has took its strides to extend the horizon of educational services by unifying higher education courses under Fatimiyah Higher Education System (FHES) with aim to provide professional qualification of high standards to community members at affordable prices.

## KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT REPORT OF THE HONORARY TREASURER FOR THE YEAR ENDED 30TH JUNE, 2023

## **Other Services:**

KPSIAJ eagerly focused on the advancement of the membership services including; Sports, Transport, Funeral, Matrimonial, Recreation and other facilities. KPSIAJ has remained determined towards its objective of providing quality member services at affordable cost.

In recognition of KPSIAJ's commendable efforts and meritorious services towards societal welfare, the Government of Sindh (GoS) extended its support by granting Rs. 15.5 million for the acquisition of a Coffin Carrier bus during the year.

Additionally, we have managed to grow our Endowment Funds to Rs. 196.827 million compared to Rs. 156.219 million in 2022, ensuring that our services can continue to thrive in the future.

## **Major Accomplishments:**

Alhamdulillah, we cherish the KPSIAJ's continuous progress and efforts made to achieve the following remarkable milestones;

KPSIAJ through its appeals generated a fund of Rs. 106.14 million for Flood effected families in various districts of Sindh and Baluchistan, these funds have been spent on their Food, Shelter, medicines and construction of houses. We aim to channel the remaining funds towards fostering economic upliftment as part of the third phase of the Flood Relief Project.

After getting the status of ACCA Approved Employer, KPSIAJ has paved the way for numerous ACCA aspirants, offering them a platform to cultivate their talents and ensuring a pathway to a successful future.

Following the successful implementation of ERP of finance and procurement modules, the implementation of Human resource module is under way. The management is motivated to extend the operational efficiency through implementing and integrating the current ERP solution for improved financial controlling and financial reporting of the large infrastructure that encompasses several community services.

Mission of embedding the technological advancement in the existing process to achieve operating efficiency, KPSIAJ successfully adopted Online Payment Solution to streamline our payment cycle and developed an Online Donation Portal which bring ease to our wellwishers to make their contributions.

With significant increase in demand, KPSIAJ identified and assessed a dire need of expansion of its healthcare facilities and higher education complex. Consequently, significant investments were required which we managed through effective fund mobilization.

In conclusion, I extend my sincere appreciation for the tremendous support from our community members, both locally and abroad. I am truly grateful for the commendable performance of our dedicated employees and the invaluable technical assistance provided by our subcommittees and consultants.

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Asker Ali Basrawala Honorary Treasurer

Karachi Dated: December 2, 2023

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

## KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT AUDITOR'S REPORT FOR THE YEAR ENDED 30TH JUNE, 2023







## INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT COMMITTEE OF KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

#### 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, 2023, 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, 2023, 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.

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 AUDITOR'S REPORT FOR THE YEAR ENDED 30TH JUNE, 2023







As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or
  error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is
  sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material
  misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve
  collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that
  are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness
  of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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## DOSSANI ASSOCIATES CHARTERED ACCOUNTANTS

Karachi: December 02, 2023

Engagement Partner: Afzal Hussein Dossani, FCA

UDIN Number: AR202310307mHEzouZpJ

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 2023

Note 30 June 2023 30 June 2022 Rupees **RESERVES, FUNDS AND LIABILITIES** RESERVES 866,908,008 809,388,235 FUNDS **Endowment funds** 4 196,827,909 156,219,727 Other funds 5 51,005,589 27,350,187 247,833,498 183,569,914 1,114,741,506 992,958,149 NON CURRENT LIABILITIES Long term loan 6 Deferred liability - Government Grant 44,029,162 7 34,612,524 44,029,162 34,612,524 **CURRENT LIABILITIES** Accrued expenses and other liabilities 8 145,072,807 70,470,917 Current portion of long term loan 21,138,220 Current portion deferred liability - Government Grant 1,614,694 7,043,653 146,687,501 98,652,790 TOTAL RESERVES, FUNDS AND LIABILITIES 1,305,458,169 1,126,223,463 ASSETS NON CURRENT ASSETS 850,503,529 Property and equipment 9 743,069,723 Long term deposits 3,558,710 3,558,710 854,062,239 746,628,433 CURRENT ASSETS 229,389,931 Short term investment 10 204,376,145 Consumable stocks 66,563,073 48,357,985 Advances and other receivables 11 50,530,958 72,465,750 Advance tax 24,147,696 23,375,375 Cash and bank balances 12 58,829,480 52,954,567 451,395,930 379,595,030 1,126,223,463 TOTAL ASSETS 1,305,458,169

## **CONTINGENCIES AND COMMITMENTS**

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

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Abul Hassan Gokal President

Asghar Hussain Shaheedi Honorary Secretary

MKh St.

Asker Ali Basrawala Honorary Treasurer

## KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT STATEMENT OF INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2023

|                               |            |              | 30 Jur       | ne 2023      |               |
|-------------------------------|------------|--------------|--------------|--------------|---------------|
|                               | Note       | Education    | Medical      | Others       | Total         |
|                               |            | 19 <u>-</u>  | Ru           | pees ———     |               |
| Excess of expense over income | 14,15 & 16 | (65,041,387) | (14,250,346) | (45,546,474) | (124,838,206) |
| Funded through:               |            | ·4           | - S-         | <i></i>      | <u>.</u>      |
| Donation and other income     |            | 22,739,668   | 9,972,704    | 43,856,839   | 76,569,211    |
| Amortization of grant         | 7          | 30,000,000   | 3,359,291    | -            | 33,359,291    |
| Return on funds               |            | 12,761,648   | 2,099,783    | 4,049,917    | 18,911,347    |
|                               |            | 65,501,316   | 15,431,778   | 47,906,756   | 128,839,850   |
| Taxation                      | 18         | -            | -            |              | .=0           |
| Transferred to revenue reser  | ve         | 459,929      | 1,181,432    | 2,360,283    | 4,001,644     |

|                               |            |              | 30 Jur      | ne 2022      |              |
|-------------------------------|------------|--------------|-------------|--------------|--------------|
|                               | Note       | Education    | Medical     | Others       | Total        |
|                               |            | 19 <u></u>   | Ru          | pees ———     |              |
| Excess of expense over income | 14,15 & 16 | (52,970,512) | (8,787,636) | (34,610,379) | (96,368,527) |
| Funded through:               |            |              |             |              |              |
| Donation and other income     |            | 43,757,923   | 3,042,047   | 38,043,320   | 84,843,290   |
| Amortization of grant         | 7          |              | 1,541,640   | -            | 1,541,640    |
| Return on funds               |            | 8,259,062    | 2,359,885   | 828,548      | 11,447,495   |
|                               |            | 52,016,985   | 6,943,572   | 38,871,868   | 97,832,425   |
| Taxation                      | 18         | -            | -           | -            | -            |
| Transferred to revenue reser  | ve         | (953,527)    | (1,844,064) | 4,261,489    | 1,463,898    |

Abul Hassan Gokal President

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Daheed:

Asghar Hussain Shaheedi Honorary Secretary

MKh St.

Asker Ali Basrawala Honorary Treasurer

## KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

|   | Note | 30 June 2023<br>———— Rup | 30 June 2022<br>Dees |
|---|------|--------------------------|----------------------|
| <b>Excess for the year</b><br>Other comprehensive income for the year |      | 4,001,644                | 1,463,898            |
| Total comprehensive income for the year                               |      | 4,001,644                | 1,463,898            |

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

Abul Hassan Gokal President

Daheed:

Asghar Hussain Shaheedi Honorary Secretary

MKh ft.

Asker Ali Basrawala Honorary Treasurer

## KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE YEAR ENDED 30 JUNE 2023

|  |                       |   | 30 June 2023                     | 2023                   |   |                         |
|--|-----------------------|---|----------------------------------|------------------------|---|-------------------------|
|  | Capital<br>Reserves   | Revenue<br>Reserves                           | Capital &<br>Revenue<br>Reserves | Endowment<br>Funds     | Other<br>Funds                            | Total                   |
|  |                       |   |                                  | Kupees                 |   |                         |
| Opening balance  | 761,673,024           | 47,715,211                                    | 809,388,235                      | 156,219,727            | 27,350,187                                | 992,958,149             |
| Increase/ (decrease) during the year                           |                       |   |                                  |                        |   |                         |
| Education  | 6,535,000             | 459,929                                       | 6,994,929                        | 37,346,912             | 23,655,402                                | 67,997,243              |
| Others   | 40,408,929<br>574,200 | 2,360,283                                     | 2,934,483                        | 2,133,307              |   | 5,067,790               |
|  | 53,518,129            | 4,001,644                                     | 57,519,773                       | 40,608,182             | 23,655,402                                | 121,783,357             |
| Movement in reserves due to changes in<br>property & equipment | (6,142,298)           | 6,142,298                                     | ж                                | r                      | т   | ×                       |
| Closing balance  | 809,048,855           | 57,859,153                                    | 866,908,008                      | 196,827,909            | 51,005,589                                | 1,114,741,506           |
|  |                       |   | 30 June 2022                     | e 2022                 |   |                         |
|  | Canital               | Revenue                                       | Canital &                        | Endowment              | Other                                     | Total                   |
|  | Reserves              | Reserves                                      | Revenue<br>Reserves              | Funds                  | Funds                                     |                         |
|  |                       |   | Rup                              | Rupees                 |   |                         |
| Opening balance  | 754,147,415           | 8,043,164                                     | 762,190,579                      | 147,707,444            | 27,554,805                                | 937,452,828             |
| Increase/ (decrease) during the year                           |                       |   |                                  |                        |   |                         |
| Education<br>Medical   | 515,000<br>30,168,758 | (953,527)<br>(1,844,064)                      | (438,527)<br>28,324,694          | 4,076,195<br>3.531.784 | (204,618)                                 | 3,433,050<br>31,856,478 |
| Others   | 15,050,000            | 4,261,489                                     | 19,311,489                       | 904,304                | 1   | 20,215,793              |
|  | 45,733,758            | 1,463,898                                     | 47,197,656                       | 8,512,283              | (204,618)                                 | 55,505,321              |
| Movement in reserves due to changes in<br>property & equipment | (38,208,149)          | 38,208,149                                    |                                  | ,                      | ı   |                         |
| Closing balance  | 761,673,024           | 47,715,211                                    | 809,388,235                      | 156,219,727            | 27,350,187                                | 992,958,149             |
| () Jeane   |                       | al en   | الغذ                             |                        | WKL(                                      | · 1                     |
| Abul Hassan Gokal<br>President                                 | As                    | Asghar Hussain Shaheedi<br>Honorary Secretary | Shaheedi<br>cretary              |                        | Asker Ali Basrawala<br>Honorary Treasurer | srawala<br>easurer      |
|  |                       |   |                                  |                        |   |                         |

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## KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

|  | Note   | 30 June 2023<br>———— Rup | 30 June 2022<br>ees ——— |
|--|--------|--------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES<br>Surplus for the year   |        | 4,001,644                | 1,463,898               |
| Adjustment for:  |        |                          |                         |
| Loss on sale of equipment  |        | 491,202                  | 567,369                 |
| Grant amortization   | 7      | (41,562,321)             | (8,343,823)             |
| Depreciation   | 9      | 43,034,504               | 37,007,777              |
|  |        | 5,965,029                | 30,695,221              |
| Working capital changes  |        |                          |                         |
| (Increase) / decrease in current assets  |        |                          |                         |
| Consumable stocks  |        | (18,205,088)             | (7,940,579)             |
| Advances and other receivable  |        | (22,707,113)             | (21,583,814)            |
| Short term investments   |        | (25,013,786)             | 11,419,760              |
|  |        | (65,925,987)             | (18,104,633)            |
| (Decrease) / Increase in current liabilities   |        |                          |                         |
| Accrued expenses and other liabilities   |        | 74,601,890               | (21,740,151)            |
| Current portion of long term loan  |        | (21,138,220)             | (21,138,216)            |
|  |        | 53,463,670               | (42,878,367)            |
| Net cash used in operating activities  |        | (6,497,288)              | (30,287,779)            |
| CASH FLOWS FROM INVESTING ACTIVITIES   |        |                          |                         |
| Capital expenditure  |        | (151,378,512)            | (39,405,591)            |
| Sale proceeds on disposal of equipments  |        | 419,000                  | 633,004                 |
| Net cash used in investing activities  |        | (150,959,512)            | (38,772,587)            |
| CASH FLOWS FROM FINANCING ACTIVITIES   |        |                          |                         |
| Capital reserves   |        | 53,518,129               | 45,733,758              |
| Government grant   |        | 45,550,000               | 50,000,000              |
| Endowment funds  |        | 40,608,182               | 8,512,283               |
| Other funds  |        | 23,655,402               | (204,618)               |
| Long term loan   |        | 1.000 BK                 | (21,138,223)            |
| Net cash generated from financing activities   |        | 163,331,713              | 82,903,200              |
| Net change in cash and cash equivalents  |        | 5,874,913                | 13,842,834              |
| Cash and cash equivalents at the beginning of the  | e year | 52,954,567               | 39,111,733              |
| Cash and cash equivalents at end of the year   |        | 58,829,480               | 52,954,567              |
| n na seneral de la constante de la const |        |                          |                         |

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

Abul Hassan Gokal President

Dal eld-

Asghar Hussain Shaheedi Honorary Secretary

MKh { .

Asker Ali Basrawala Honorary Treasurer

#### 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. Registered office of 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 to provide accessible and affordable guality 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 Organization (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.

## 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. Incase 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 contributions are made both by the KPSIAJ and the employees to the fund at the rate of 8.33% of the 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.

#### 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 realiable 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 is recorded as income when received. Whereas, grant is 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 announced 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.

#### 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.

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.

|                 | 30 June 2023         | 30 June 2022   |
|-----------------|----------------------|--|
|                 | Rupe                 | es ———   |
| ENDOWMENT FUNDS |                      |  |
| Education       | 176,178,370          | 138,831,458  |
| Medical         | 15,602,364           | 14,474,401   |
| General         | 5,047,175            | 2,913,868  |
|                 | 196,827,909          | 156,219,727  |
|                 | Education<br>Medical | ENDOWMENT FUNDS         Ruper           Education         176,178,370           Medical         15,602,364           General         5,047,175 |

**4.1** These represent 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 to utilize in exceptional circumstances incase of future shortage of funds as per their agreements.

## 6 LONG TERM LOAN

| LONG TERM LOAN                |   |              |
|-------------------------------|---|--------------|
| Loan outstanding              | - | 21,138,220   |
| Less: current portion of loan |   | (21,138,220) |
|                               |   |              |

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       |   |   | 30 June 202                                | 3                                      |   |
|--|------------|---|---|--|--|---|
|  |            | Medical<br>equipment                              | Patient<br>welfare                        | Coffin<br>carrier                          | Education<br>Operation<br>Support      | Total                                     |
| Balance at the beginning of the year                                       |            | 38,458,360  | 3,197,817                                 |  |  | 41,656,177                                |
| Addition (receipt during the year)   | 7.1        | -   | -   | 15,550,000                                 | 30,000,000                             | 45,550,000                                |
| Utilized (amortized during the year)                                       | 7.2        | (3,359,291)                                       | (8,203,030)                               | S <b>-</b> 3                               | (30,000,000)                           | (41,562,321)                              |
| Balance at the end of the year   |            | 35,099,069  | (5,005,213)                               | 15,550,000                                 | 5.<br>                                 | 45,643,856                                |
| Less: current maturity of deferred incor                                   | ne         | (3,509,907)                                       | 5,005,213                                 | (3,110,000)                                | -                                      | (1,614,694)                               |
|  |            |   | -   | 10 440 000                                 |  | 44 000 160                                |
|  |            | 31,589,162  |   | 12,440,000                                 |  | 44,029,162                                |
|  |            | 31,589,162  |   | 30 June 202                                | 2                                      | 44,029,162                                |
|  |            | Medical<br>equipment                              | Patient<br>welfare                        |  | 2<br>Education<br>Operation<br>Support | Total                                     |
| Balance at the beginning of the year                                       |            | Medical   |   | 30 June 202<br>Coffin                      | Education<br>Operation                 |   |
| Balance at the beginning of the year<br>Addition (receipt during the year) | 7.1        | Medical   |   | 30 June 202<br>Coffin                      | Education<br>Operation                 |   |
| •  | 7.1<br>7.2 | Medical<br>equipment                              | welfare<br>-                              | 30 June 202<br>Coffin                      | Education<br>Operation                 | Total                                     |
| Addition (receipt during the year)   |            | Medical<br>equipment<br>40,000,000                | welfare<br>-<br>10,000,000                | 30 June 202<br>Coffin                      | Education<br>Operation<br>Support      | <b>Total</b>                              |
| Addition (receipt during the year)<br>Utilized (amortized during the year) | 7.2        | Medical<br>equipment<br>40,000,000<br>(1,541,640) | welfare<br>-<br>10,000,000<br>(6,802,183) | 30 June 202<br>Coffin<br>carrier<br>-<br>- | Education<br>Operation<br>Support      | <b>Total</b><br>50,000,000<br>(8,343,823) |

- **7.1** During the year Rs. 15.5 million and Rs. 30 million was received from Government of Sindh (GOS) against acquisition of coffin carrier bus and to support Fatimiyah education network. Whereas, Rs. 40 million and Rs.10 million was received last year for medical equipments and patient welfare respectively.
- **7.2** This represents depreciation charged at the rate of 10% on medical equipments, actual welfare provided to indigent patients and utilization of education grant against operational activities .

|     |   | Note       | 30 June 2023   | Rupees | 30 June 2022   |
|-----|---|------------|--|--------|--|
| 8   | ACCRUED EXPENSES AND OTHER LIABILITIES  |            |  |        |  |
|     | Accrued expenses  |            | 10,122,894   |        | 9,939,022  |
|     | Funds for specific purposes   | 8.1        | 105,408,984  |        | 50,765,505   |
|     | Other liabilities   |            | 29,540,929   |        | 9,766,390  |
|     |   |            | 145,072,807  |        | 70,470,917   |
| 8.1 | Funds for specific purposes:<br>Higher education scholarship<br>Patients' welfare<br>Family relation committee<br>Flood Relief Fund<br>Fatimiyah International University<br>Others |            | 8,703,916<br>994,368<br>2,703,140<br>45,533,360<br>20,507,500<br>26,966,700<br>105,408,984 |        | 15,212,479<br>291,376<br>3,355,640<br>-<br>-<br>31,906,010<br>50,765,505 |
| 9   | <b>PROPERTY AND EQUIPMENT</b><br>Operating assets<br>Capital work in progress   | 9.1<br>9.2 | 781,914,746<br>68,588,783<br>850,503,529   |        | 740,187,853<br>2,881,870<br>743,069,723                                  |

(For schedule refer next page)

| DescriptionAs at 01 July<br>2022AdditionsDisposal30 June 2023287,575,578 $::::::::::::::::::::::::::::::::::::$  |  | As at 30 June<br>2023<br>287,575,578<br>450,001,212<br>20,389,323<br>67,049,284<br>317,446,617<br>43,535,192<br>1,185,997,206<br>1,185,997,206<br>1,185,997,206<br>As at 30 June<br>As at 30 June | Rate<br>5%<br>33%<br>10%<br>20% | As at 01 July<br>2022 | Disposal    | Depreciation<br>for the period | As at 30 June<br>2023      | Carrying value<br>as at 30 June         |
|--|--|--|---------------------------------|-----------------------|-------------|--------------------------------|----------------------------|---|
| June 2023       287,575,578       -         sehold Land       287,575,578       -         sehold Land       444,759,617       5,241,595         nputer Equipment       17,090,324       3,298,999         niture and Fixtures       63,671,459       3,377,825         dical & Office Equipment       251,554,998       67,546,180       (1,6         37,328,192       6,7,546,180       (1,6       0         icles       37,328,192       6,701,599       (1,6         0.000       37,328,192       5,671,599       (1,6         1,101,980,168       85,671,599       (1,6       0         0.01       37,328,192       5,671,599       (1,6         0.01       2021       2021       1,98,325       (1,6         1.101,980,168       85,671,599       (1,6       0       0         0.11,01       Additions       0       0       0       0       0         1.101,980,168       85,671,599       1,16       0  |  | 287,575,578<br>450,001,212<br>20,389,323<br>67,049,284<br>317,446,617<br>43,535,192<br>43,535,192<br>1,185,997,206<br>1,185,997,206<br>1,185,997,206<br>1,185,997,206<br>2022<br>2022<br>2022  | 5%<br>33%<br>10%<br>20%         |                       |             |                                |                            | 2023                                    |
|  |  | 450,001,212<br>20,389,323<br>67,049,284<br>317,446,617<br>43,535,192<br>43,535,192<br>1785,997,206<br>1,185,997,206<br>1,185,997,206<br>As at 30 June<br>2022<br>2022  | 5%<br>33%<br>10%<br>20%         |                       |             | - 1                            |                            | 287,575,578                             |
| nputer Equipment       17,090,324       3,298,999         niture and Fixtures       63,671,459       3,377,825         dical & Office Equipment       251,554,998       67,546,180       (1,6         Jicles       37,328,192       6,207,000       (1,6         Description       37,328,192       6,207,000       (1,6         Description       As at 01 July       Additions       D         June 2021       2021       1,980,168       85,671,599       (1,6         June 2022       Sshold Land       2021       198,325       (1,16         June 2022       Santure and Fixtures       63,933,374       763,635       (1,16         Initure and Fixtures       63,932,374       763,635       (1,16         Idial & Office Equipment       22,2328,192       179,3,721       (2,21         Icles       22,323,334       763,6   |  | 20,389,323<br>67,049,284<br>317,446,617<br>43,535,192<br>43,535,192<br>43,535,192<br>1,185,997,206<br>1,185,997,206<br>1,185,997,206<br>1,285,575<br>2022<br>2022  | 33%<br>10%<br>20%               | 167,027,375           | •           | 14,148,692                     | 181,176,067                | 268,825,145                             |
| Initure and Fixtures         63,671,459         3,377,825           niture and Fixtures         63,671,459         6,7546,180         (1,6           37,328,192         6,207,000         1,101,980,168         85,671,599         (1,6           Description         37,328,192         6,207,000         1,6         1,6           Description         As at 01 July         Additions         D         D           Unne 2022         2021         19,942,037         (1,6           Sehold Land         287,575,578         -         -           June 2022         2033,374         763,635         (1,1)           Iding         444,539,893         219,724         (1,6           notuter Equipment         16,507,699         1,198,325         (1,6           iding         0ffice Equipment         22,238,192         1,798,325         (1,6           iding         22,238,192         1,798,325         (1,6         (1,6         (1,6           Inture and Fixtures         6,393,314         763,635         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6         (1,6  |  | 67,049,284<br>317,446,617<br>43,535,192<br>1,185,997,206<br>1,185,997,206<br>1,185,997,206<br>2022<br>2022<br>2022<br>2022   | 10%<br>10%<br>20%               | 15,476,532            | т           | 1,637,433                      | 17,113,965                 | 3,275,358                               |
| Iteal & Office Equipment         251,554,998         67,546,180         (1,6)           icles         37,328,192         6,207,000         1,101,980,168         85,671,599         (1,6)           Description         37,328,192         6,207,000         0         0         0         0           Description         As at 01 July         Additions         D         D         0   |  | 317,446,617<br>43,535,192<br>1,185,997,206<br>1,185,997,206<br>As at 30 June<br>2022<br>2022<br>287,575,578<br>444,759,617   | 10%<br>20%                      | 34,614,693            | ас          | 3,243,459                      | 37,858,152                 | 29,191,132                              |
| icles 37,328,192 6,207,000<br>1,101,980,168 85,671,599 (1,6<br>Bescription As at 01 July Additions D<br>2021 Additions D<br>2021 237,5578  |  | 43,535,192<br>1,185,997,206<br>As at 30 June<br>2022<br>287,575,578<br>444,759,617   | 20%                             | 124,128,169           | (744,359)   | 19,406,991                     | 142,790,801                | 174,655,816                             |
| 1,101,980,168         85,671,599         (1,6           Description         As at 01 July         Additions         D           Description         As at 01 July         Additions         D           Iume 2022         287,575,578         -         -           schold Land         287,575,578         -         -           ating         444,539,893         219,724         (1,1)           ating & Office Equipment         16,507,699         1,19,942,037         (1,1)           atilal & Office Equipment         232,346,531         19,942,037         (1,2)           atilal & Office Equipment         232,328,192         15,000,000         (1,2)           atilal & Office Equipment         232,328,192         15,000,000         (2,2)           atilal & Office Equipment         22,328,192         15,000,000         (2,2)           atilal & Office Equipment         22,328,192         15,000,000         (2,2)  |  | ,,185,997,206<br>As at 30 June<br>2022<br>287,575,578<br>444,759,617   |                                 | 20,545,546            |             | 4,597,929                      | 25,143,475                 | 18,391,717                              |
| Description         As at 01 July         Cost           Description         As at 01 July         Additions         D           une 2022         2021         2021         D         D           une 2022         287,575,578         297,575,578         297,597,699         1,198,325         (1,198,325)           ating         444,539,893         219,724         763,635         (1,198,325)         (1,198,325)           ating         444,531         16,507,699         1,198,325         (1,198,325)  | Disposal   | As at 30 June<br>2022<br>287,575,578<br>444,759,617  |                                 | 361,792,315           | (744,359)   | 43,034,504                     | 404,082,460                | 781,914,746                             |
| Description         As at 01 July         Additions         D           Une 2021         2021         Additions         D           une 2022         287,575,578         -         -           ehold Land         287,575,578         -         -           ethold Land         287,575,578         -         -           ethold Land         287,575,578         -         -           ethold Land         287,575,578         7(1,98,325)         (1,1,98,325)           office Equipment         16,507,699         1,198,325         (1,1,1,198,325)           oiture and Fixtures         63,923,374         7(3,633)         (1,1,1,198,325)           oiture and Fixtures         63,923,312         19,942,037         (2,1,1,1,198,100,000)           icles         22,328,192         15,000,0000         1,006         22,328,192         15,000,0000           icles         22,328,192         15,000,000         22,328,192         15,000,0000         2,000           icles         22,328,192         15,000,000         37,123,723         2,2           othors         22,328,192         15,000,000         0         2,037,123,723         2,03           othors         22,232,126         37,123,723         2,2  | Disposal<br>(615,700)<br>(733,570)               | As at 30 June<br>2022<br>287,575,578<br>444,759,617  | •                               |                       |             |                                |                            |   |
| Description         As at 01 July<br>2021         Additions         D           une 2022         2031         Additions         D           une 2022         287,575,578         -         -           eehold Land         287,575,699         1,198,325         (1,198,325)           iting         16,507,699         1,198,325         (1,198,325)         (1,1198,325)           itine and Fixtures         63,923,374         763,633         (1,1,23)         (1,12)           itical & Office Equipment         232,346,531         19,942,037         (1,12)           ical & Office Equipment         232,346,531         19,942,037         (1,12)           ical & Office Equipment         232,328,192         15,000,000         (1,12)           ical & Office Equipment         22,328,192         15,000,000         (2,12)           ical & Office Equipment         22,328,192         15,000,000         (2,12)           ical & Others         1,067,221,267         37,1123,721         (2,12)           .1         Attribution of depreciation for the year is as         0thers         0thers           Administrative         0thers         0thers         0thers         0thers   | Disposal<br>(615,700)<br>1,015,550)<br>(733,570) | As at 30 June<br>2022<br>287,575,578<br>444,759,617  |                                 |                       |             | Accumulated Depreciation       | reciation                  |   |
| une 2022     -       ehold Land     287,575,578     -       ehold Land     287,575,578     -       ehold Land     287,575,578     219,724       opter Equipment     16,507,699     1,198,325       inture and Fixtures     63,923,374     763,635       inture and Fixtures     63,923,374     763,635       inture and Fixtures     232,346,531     19,942,037       icles     22,328,192     15,000,000       icles     22,328,192     16,007,000       icles     22,328,192     16,007,000       icles     1,067,221,267     37,123,721       icles     0,016     0,016 </td <td>(615,700)<br/>1,015,550)<br/>(733,570)</td> <td>287,575,578<br/>444,759,617</td> <td>Rate</td> <td>As at 01 July<br/>2021</td> <td>Disposal</td> <td>Depreciation<br/>for the period</td> <td>As at 30 June<br/>2022</td> <td>Carrying value<br/>as at 30 June<br/>2022</td>   | (615,700)<br>1,015,550)<br>(733,570)             | 287,575,578<br>444,759,617   | Rate                            | As at 01 July<br>2021 | Disposal    | Depreciation<br>for the period | As at 30 June<br>2022      | Carrying value<br>as at 30 June<br>2022 |
| ding 44,539,893 219,724<br>iputer Equipment 16,507,699 1,198,325 (1,<br>iture and Fixtures 63,923,374 763,633 (1,<br>lical & Office Equipment 232,346,531 19,942,037 (2,<br>222,328,192 15,000,000<br>1,067,221,267 37,123,721 (2,<br>1,067,221,267 37,123,721 (2,<br>Attribution of depreciation for the year is as<br>dedical<br>Others<br>Administrative  | -<br>(615,700)<br>1,015,550)<br>(733,570)<br>-   | 444,759,617  |                                 |                       |             | ,<br> <br>                     | T                          | 287,575,578                             |
| puter Equipment         16,507,699         1,198,325         (1)           iture and Fixtures         63,923,374         763,635         (1)           ital & Office Equipment         232,346,531         19,942,037         (()           cles         232,334,531         19,942,037         ()           cles         223,334,531         19,942,037         ()           cles         232,334,521         ()         ()           Attribution of depreciation for the year is as         1,067,221,267         37,123,721         (2)           Attribution of depreciation for the year is as         0thers         0thers         4         4  | (615,700)<br>1,015,550)<br>(733,570)<br>-        |  | 5%                              | 152,409,889           | а           | 14,617,486                     | 167,027,375                | 277,732,242                             |
| s s  | 1,015,550)<br>(733,570)<br>-                     | 17,090,324   | 33%                             | 15,139,565            | (469,808)   | 806,775                        | 15,476,532                 | 1,613,792                               |
| ~ ~ ~  | (733,570)<br>-                                   | 63,671,459   | 10%                             | 31,712,874            | (326,710)   | 3,228,529                      | 34,614,693                 | 29,056,766                              |
| S Contraction of the second se | ×  | 251,554,998  | 10%                             | 110,336,773           | (367,930)   | 14,159,326                     | 124,128,169                | 127,426,829                             |
|  |  | 37,328,192   | 20%                             | 16,349,884            | a.          | 4,195,661                      | 20,545,545                 | 16,782,647                              |
|  | (2,364,820)                                      | 1,101,980,168  |                                 | 325,948,985           | (1,164,448) | 37,007,777                     | 361,792,315                | 740,187,853                             |
| Education<br>Medical<br>Others<br>Administrative   | s follows:                                       |  |                                 |                       |             |                                | 30 June 2023               | 30 June 2022                            |
| coucation<br>Medical<br>Others<br>Administrative   |  |  |                                 |                       |             |                                | Rul 8474 000               | Rupees                                  |
| Medical<br>Others<br>Administrative  |  |  |                                 |                       |             |                                | 8,120,989                  | 056,560,8                               |
| Others<br>Administrative   |  |  |                                 |                       |             |                                | 27,265,013                 | 21,000,724                              |
| Administrative   |  |  |                                 |                       |             |                                | 6,412,537                  | 7,020,074                               |
|  |  |  |                                 |                       |             |                                | 43,034,504                 | 933,049<br>37,007,777                   |
| 9.2 Capital work in progress   |  |  |                                 |                       |             |                                |                            |   |
| Opening balance<br>Add: Addition during the year   |  |  |                                 |                       |             |                                | 2,881,870<br>117,790,725   | 600,000<br>2,281,870                    |
| Less: Amount Capitalized during the year<br>Closing balance  |  |  |                                 |                       |             |                                | (52,083,812)<br>68,588,783 | 2,881,870                               |

KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT

NOTES TO THE FINANCIAL STATEMENTS

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|    |   | Note | 30 June 2023  | Rupees | 30 June 2022     |
|----|---|------|---------------|--------|------------------|
| 10 | SHORT TERM INVESTMENT                         |      | · · · · · ·   | nupces | 10. <del>-</del> |
|    | Term deposit receipt                          | 10.1 | 20,000,000    |        | 20,000,000       |
|    | Investment in Government securities (T-Bills) | 10.2 | 343,285,697   |        | 295,113,135      |
|    | Investment in equity securities               |      | 6,208,534     |        | 6,011,219        |
|    | Investment in mutual funds                    | 10.3 | 5,654,909     |        | 7,006,457        |
|    |   |      | 375,149,140   |        | 328,130,811      |
|    | Less: Retirement benefit funds                |      | (145,759,209) |        | (123,754,666)    |
|    |   |      | 229,389,931   |        | 204,376,145      |
|    |   |      | 6             |        |                  |

- 10.1 This includes amount placed with banks for period one year. These carry mark-up at a range between 14.60% to 20.00% (2022: 6.10% to 11.85%) per annum.
- **10.2** This represents investment in Government Securities (T-Bills). These carry mark-up at a range between 21.98% to 22.74% (2022: 14.44% to 14.66%) per annum.
- 10.3 This represents investment in National Investment Unit Trust having NAV of Rs. 50.77 (2022: Rs. 64.99) on 111,383 (2022: Rs. 107,808) units.

|       |                                  | 30 June 2023 | 30 June 2022<br>Rupees ——————————————————————————————————— |
|-------|----------------------------------|--------------|--|
| 11    | ADVANCES AND OTHER RECEIVABLES   |              | (apa) - Gersselster  |
|       | Staff - considered good          | 1,643,565    | 935,642  |
|       | Prepayments                      | 2,579,191    | 2,972,081  |
|       | Advances                         | 14,793,323   | 8,468,648  |
|       | Receivables against services     | 40,965,925   | 26,573,328   |
|       | Profit receivables on investment | 10,247,685   | 4,368,922  |
|       | Other receivables                | 2,236,061    | 7,212,337  |
|       |                                  | 72,465,750   | 50,530,958   |
| 12    | CASH AND BANK BALANCES           |              |  |
| 17100 | Cash in hand                     | 5,720,402    | 3,290,830  |
|       | Cash at bank                     | 53,109,078   | 49,663,737   |
|       |                                  | 58,829,480   | 52,954,567   |
|       |                                  |              |  |

## 13 CONTINGENCIES AND COMMITMENTS

## 13.1 Contingencies

There are no contingencies as at 30 June 2023.

## 13.2 Commitments

Commitments in respect of acquisition of medical equipments related activities amounted to Rs. 10.54 million (2022: Rs. 39.77 million)

| 14 | EDUCATION                             | Note  | 30 June 2023 | Rupees | 30 June 2022 |
|----|---------------------------------------|-------|--------------|--------|--------------|
|    | Income                                |       |              |        |              |
|    | Tuition fee & supports                |       | 205,667,121  |        | 165,409,712  |
|    | Expenses                              |       |              |        |              |
|    | Salaries, allowances and benefits     |       | 193,107,067  |        | 158,443,655  |
|    | Utility and communication             |       | 10,792,039   |        | 7,954,952    |
|    | Repairs and maintenance               |       | 4,876,263    |        | 2,381,750    |
|    | Printing and stationery               |       | 7,038,736    |        | 3,738,689    |
|    | Rent, rates and taxes                 |       | 439,194      |        | 373,242      |
|    | Fuel expenses                         |       | 950,400      |        | 626,738      |
|    | Subscription & registration           |       | 1,248,805    |        | 411,372      |
|    | Sports activities                     |       | 4,432,039    |        | 2,915,082    |
|    | Training and vocational               |       | 2,809,401    |        | 2,152,006    |
|    | Depreciation                          | 9.1.1 | 8,126,989    |        | 8,053,930    |
|    | Insurance                             |       | 1,234,202    |        | 588,897      |
|    | Office supplies                       |       | 1,988,883    |        | 1,589,592    |
|    | Travelling and conveyance             |       | 1,293,760    |        | 1,277,288    |
|    | Promotional expenses                  |       | 523,961      |        | 492,826      |
|    | Others                                |       | 501,617      |        | 189,226      |
|    | Allocation of administrative expenses | 17.1  | 31,345,152   |        | 27,190,979   |
|    |                                       |       | 270,708,508  |        | 218,380,224  |
|    | Excess of expense over income         |       | (65,041,387) |        | (52,970,512) |

| 15 | MEDICAL   | Note  | 30 June 2023  | Rupees | 30 June 2022  |
|----|---|-------|---|--------|---|
|    | Income  |       |   |        |   |
|    | Service income - net  |       | 361,913,403   |        | 315,789,983   |
|    | Expenses<br>Salaries, allowances and benefits<br>Utility and communication<br>Repairs and maintenance<br>Printing and stationery<br>Rent rates and taxes<br>Depreciation<br>Travelling and conveyance<br>Fuel expenses<br>Insurance<br>Office supplies<br>Promotional expenses<br>Subscription & registration<br>Training and vocational<br>Service charges on SBP facility | 9.1.1 | 226,770,879<br>43,140,439<br>20,673,661<br>7,115,954<br>404,080<br>27,265,013<br>269,791<br>8,674,716<br>1,989,368<br>784,874<br>520,010<br>141,870<br>343,620<br>81,657<br>1,100,000 |        | 208,552,545<br>35,478,614<br>15,042,702<br>5,294,856<br>284,852<br>21,000,724<br>211,408<br>5,379,528<br>1,324,920<br>773,929<br>385,730<br>48,000<br>250,740<br>1,130,097<br>300,000 |
|    | Legal and professional Expense<br>Others  |       | 21,350  |        | 17,725  |
|    | Allocation of administrative expenses   | 17.1  | 36,866,467<br>376,163,749   |        | 29,101,249<br>324,577,619   |
|    | Excess of expense over income   |       | (14,250,346)  |        | (8,787,636)   |

|      |                                       | Note  | 30 June 2023 | Rupees | 30 June 2022 |
|------|---------------------------------------|-------|--------------|--------|--------------|
| 16   | OTHERS                                |       |              |        |              |
|      | Fatimiyah community centre            |       | (6,103,911)  |        | (5,898,849)  |
|      | Allama Hajji Ghulam Ali Library       |       | (1,473,077)  |        | (1,369,597)  |
|      | Seminars, meetings & commemoration    |       | (6,138,322)  |        | (2,511,636)  |
|      | Membership services                   |       | (2,714,460)  |        | (2,042,245)  |
|      | Fatimiyah sports complex              |       | (13,534,639) |        | (12,635,616) |
|      | Matrimonial services                  |       | (678,020)    |        | 53,980       |
|      | Graveyards                            |       | (6,998,377)  |        | (5,091,342)  |
|      | Transportation services               |       | (4,236,304)  |        | (2,302,174)  |
|      | General welfare                       |       | (3,669,364)  |        | (2,812,900)  |
|      | Excess of expense over income         |       | (45,546,474) |        | (34,610,379) |
| 17   | ADMINISTRATIVE EXPENSES               |       |              |        |              |
|      | Salaries, allowances and benefits     |       | 59,903,683   |        | 51,523,402   |
|      | Utility and communication             |       | 4,657,950    |        | 3,676,109    |
|      | Repairs and maintenance               |       | 5,787,051    |        | 3,352,721    |
|      | Promotional expenses                  |       | 41,400       |        | 712,516      |
|      | Fees and subscription                 |       | 12,240       |        | 738,023      |
|      | Printing and stationery               |       | 994,882      |        | 694,926      |
|      | Travelling and conveyance             |       | 72,550       |        | 55,087       |
|      | Office supplies                       |       | 1,942,879    |        | 1,220,110    |
|      | Rent, rates and taxes                 |       | 683,124      |        | 604,200      |
|      | Depreciation                          | 9.1.1 | 1,229,965    |        | 933,049      |
|      | Fuel                                  |       | 2,895,309    |        | 1,288,032    |
|      | Insurance                             |       | 667,775      |        | 405,583      |
|      | Others                                |       | 1,195,885    |        | 968,773      |
|      |                                       |       | 80,084,693   |        | 66,172,531   |
| 17.1 | DISTRIBUTION OF ADMINISTRATIVE EXPENS | ES    |              |        |              |
|      | Education                             |       | 31,345,152   |        | 27,190,979   |
|      | Medical                               |       | 36,866,467   |        | 29,101,249   |
|      | Others                                |       | 11,873,074   |        | 9,880,303    |
|      |                                       |       | 80,084,693   |        | 66,172,531   |
|      |                                       |       |              |        |              |

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### **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:

a) Return has been filed.

b) Tax required to be deducted or collected has been deducted or collected and paid.

c) Withholding tax statements for immediately preceding tax year have been filed; and

d) 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 Members (MCM), associated undertakings in which MCM 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 2023<br>——— Rup    | 30 June 2022<br>Dees             |
|--|--|----------------------------|----------------------------------|
| Close family members of MCM<br><b>Relationship</b> | Liabilities<br>Transactions during the year                            | 1,985,594                  | 1,879,372                        |
| Close family members of MCM                        | Payment against purchases<br>Payment against services<br>Salaries paid | 51,379,510<br>396,000<br>- | 40,699,906<br>685,850<br>127,086 |
| Managing Committee Members                         | Donation received<br>Consultant share paid                             | 4,143,602                  | 7,510,250                        |
| Remuneration of Key Manag                          | ement Persons  | 35,898,856                 | 32,569,623                       |

The Managing Committee Members (MCM) do not draw any remuneration and work on an honorary basis.

## 20 PROVIDENT FUND DISCLOSURE

KPSIAJ operates a contributory provident fund for all its permanent employees. Salaries, wages and other benefits include Rs. 15.86 million (2022: Rs. 14.60 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 2023 | 30 June 2022 |
|---------------------------------------|--------------|--------------|
|                                       | Rupe         | es           |
| Size of the fund - net assets         | 158,600,707  | 133,088,907  |
| Cost / fair value of investments made | 145,759,209  | 123,754,666  |
| Percentage of the investments made    | 92%          | 93%          |

## 21 FINANCIAL RISK MANAGEMENT

The Managing Committee Members (MCM) of the KPSIAJ has overall responsibility for the establishment and oversight of the KPSIAJ's risk management framework. The MCM is also responsible for developing and monitoring the KPSIAJ's risk management policies. The KPSIAJ's risk management policies are established to identify and analyze 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 expose 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:

|                                | 30 June 2023<br>————— Rupe | 30 June 2022<br>ees |
|--------------------------------|----------------------------|---------------------|
| Deposits                       | 3,558,710                  | 3,558,710           |
| Investments                    | 229,389,931                | 204,376,145         |
| Advances and other receivables | 72,465,750                 | 50,530,958          |
| Bank balances                  | 53,109,078                 | 49,663,737          |
|                                | 358,523,469                | 308,129,550         |
|                                |                            |                     |

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

#### 21.2 Liquidity risk management

Liguidity 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 MCM, 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.

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

|   | Long term<br>Ioan                            | 2023<br>Accrued<br>expenses and<br>other liabilities       | Total   |
|---|--|--|---|
| Balance as at July 2022   | 21,138,220                                   | 49,648,980   | 70,787,200                                    |
| <b>Changes from financing cash flows</b><br>Proceeds from loan under SBP scheme<br>Repayment of loan under SBP scheme<br>Net changes in others<br>Total changes from financing activities                                   | -<br>(21,138,220)<br>-<br>(21,138,220)       | -<br>-<br>74,601,890<br>74,601,890                         | -<br>(21,138,220)<br>74,601,890<br>53,463,670 |
| Other changes:<br>Interest expense<br>Interest paid   | -  | 81,657<br>(81,657)<br>-                                    | 81,657<br>(81,657)<br>-                       |
| Balance as at 30 June 2023  |  | 124,250,870  | 124,250,870                                   |
|   |  |  |   |
|   | Long term<br>Ioan                            | 2022<br>Accrued<br>expenses and<br>other liabilities       | Total   |
| Balance as at July 2021   |  | Accrued<br>expenses and                                    | <b>Total</b><br>134,803,790                   |
|   | loan   | Accrued<br>expenses and<br>other liabilities               |   |
| <b>Balance as at July 2021</b><br><b>Changes from financing cash flows</b><br>Proceeds from loan under SBP scheme<br>Repayment of loan under SBP scheme<br>Net changes in others<br>Total changes from financing activities | loan<br>63,414,659<br>-<br>(42,276,439)<br>- | Accrued<br>expenses and<br>other liabilities<br>71,389,131 | -<br>(42,276,439)<br>(21,424,045)             |

## 21.2.2 Liquidity and interest risk

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

| Carrying<br>amount      | Contractual<br>cash flows  | Less than<br>one year  | More than<br>one year  | No stated<br>maturity   |
|-------------------------|--|--|--|---|
| 3.                      | 0  | — Rupees —   |  |   |
|                         | -  | -  | -  | -   |
| 10,122,894              | 10,122,894   | 10,122,894   | -  | .=.)  |
| 105,408,984             | 105,408,984  | 105,408,984  | -  | 3 <u>4</u> 63   |
| 29,540,929              | 29,540,929   | 29,540,929   |  | .=  |
| 145,072,807             | 145,072,807  | 145,072,807  |  | -   |
| Carrying<br>amount      | Contractual cash flows   | Less than<br>one year  | More than<br>one year  | No stated<br>maturity   |
| 0                       |  | — Rupees —   |  | ~~~   |
| 21,138,220              | 21,138,220   | 21,138,220   | -  | . <del></del> :   |
|                         |  |  |  |   |
| 9,939,022               | 9,939,022  | 9,939,022  | 57.U   | 670   |
| 9,939,022<br>50,765,505 | 9,939,022<br>50,765,505  | 9,939,022<br>50,765,505  | ಪ್ರಾ   | -   |
|                         |  |  | е<br>н<br>Н  | -   |
|                         | amount<br>10,122,894<br>105,408,984<br>29,540,929<br>145,072,807<br>Carrying<br>amount | amount         cash flows           10,122,894         10,122,894           105,408,984         105,408,984           29,540,929         29,540,929           145,072,807         145,072,807           Carrying<br>amount         Contractual<br>cash flows | amount         cash flows         one year           Rupees         Rupees           10,122,894         10,122,894         10,122,894           105,408,984         105,408,984         105,408,984           29,540,929         29,540,929         29,540,929           145,072,807         145,072,807         145,072,807           Carrying amount         Contractual cash flows         Less than one year           Rupees         Rupees | amount         cash flows         one year         one year           Rupees         Rupees         -         -           10,122,894         10,122,894         10,122,894         -           105,408,984         105,408,984         105,408,984         -           29,540,929         29,540,929         29,540,929         -           145,072,807         145,072,807         145,072,807         -           Carrying amount         Contractual cash flows         Less than one year         More than one year           Rupees         -         -         -         - |

## 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 2023.

## 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.

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

|  | 2023              | 2022                           | 2023        | 2022             |  |
|--|-------------------|--------------------------------|-------------|------------------|--|
|  | Effective interes | Effective interest rate (in %) |             | ınts (in rupees) |  |
| Variable interest-bearing financi                      | ial instrument    |                                |             |                  |  |
| Financial assets                                       |                   |                                |             |                  |  |
| Bank balances  | 18.50% to 19.25%  | 5.5% to 12.25%                 | 53,109,078  | 49,663,737       |  |
| Fixed interest-bearing financial i<br>Financial assets | instrument        |                                |             |                  |  |
| Term deposit receipt                                   | 14.60% to 20.00%  | 6.10% to 11.85%                | 20,000,000  | 20,000,000       |  |
| Government securities (T-Bills)                        | 21.98% to 22.74%  | 14.44% to 14.66%               | 343,285,697 | 295,113,135      |  |
| Financial liabilities                                  |                   |                                |             |                  |  |
| Loan under SBP scheme                                  | 0.00%             | 3.00%                          | <u> </u>    | 21,138,220       |  |

## 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   |  |
|   | ——— F                      | Rupees ——— |  |
| As at 30 June 2023                                  |                            |            |  |
| cashflow sensitivity variable rate financial assets | 531,091                    | (531,091)  |  |
|   |                            |            |  |
| As at 30 June 2022                                  |                            |            |  |
| cashflow sensitivity variable rate financial assets | 496,637                    | (496,637)  |  |

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.

### 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).

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 2023           |              | 30 June 2022           |                  |  |
|--------------------------------------|------------------------|--------------|------------------------|------------------|--|
|                                      | <b>Carrying amount</b> | Fair value   | <b>Carrying amount</b> | Fair value       |  |
|                                      | Amortized cost         |              | Amortized cost         |                  |  |
|                                      | Rupees                 |              |                        |                  |  |
| Financial assets not measured at fa  | ir values              |              |                        |                  |  |
| Deposits                             | 3,558,710              | -            | 3,558,710              | -                |  |
| Investments                          | 229,389,931            | -            | 204,376,145            | -                |  |
| Advances and other receivables       | 72,465,750             | 1 <b></b>    | 50,530,958             |                  |  |
| Cash and bank balances               | 58,829,480             | -            | 52,954,567             | 9 <del>7</del> 0 |  |
|                                      | 364,243,871            | -            | 311,420,380            |                  |  |
| Financial liabilities not measured a | t fair values          |              |                        |                  |  |
| Long term loan                       |                        | -            | 21,138,220             | -                |  |
| Accrued and other liabilities:       |                        |              |                        |                  |  |
| Accrued expenses                     | 10,122,894             | 9 <u>2</u> 9 | 9,939,022              | 120              |  |
| Funds for specific purposes          | 105,408,984            | 12           | 50,765,505             | 3 <b>1</b> 1     |  |
| Other liabilities                    | 29,540,929             | -            | 9,766,390              | -                |  |
|                                      | 145,072,807            |              | 91,609,137             | -                |  |
|                                      |                        |              |                        |                  |  |

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 and 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 30<sup>th</sup> November, 2023.

Daheed:

Abul Hassan Gokal President

Asghar Hussain Shaheedi Honorary Secretary

MKh { .

Asker Ali Basrawala Honorary Treasurer

| NOTES:                                    |  |
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| 37 KHOJA (PIRHAI) SHIA ISNA ASHERI JAMAAT |  |

