

DIRECTORS' REPORT

The Directors are pleased to present the annual report of Rahamkar Welfare Foundation ("the Foundation") for the year ended 30 June 2023.

2022-2023: AN OVERVIEW

The Foundation is working with the objective of providing financial assistance to the needy in areas of continued livelihood, education and social welfare. The Foundation extends financial support by way of tuition fees to students (both boys and girls) and provision of social welfare and assistance during Ramadan to the needy. In addition, interest free loans are provided for small business investors to make people self-employed and improve their living standard.

During the year, the Foundation received donations of Rs. 2,220,000 (2021-2022: Rs. 1,275,000) and dispersed grants of Rs. 2,688,700 (2021-2022: Rs. 2,619,550). The Foundation mainly emphasize on education and make disbursement among the deserving families which includes Rs. 1,760,700 (2021-2022: Rs. 1,781,550) for tuition fee, books and uniform payments to over 150 students to motivate and encourage families to send their children to school, irrespective of gender.

Activities of the Foundation are conducted on voluntarily basis by the Directors and well-wishers of the Foundation. The Foundation has no administration expenses, no salaries or rent to pay, and no utilities to pay for either. All the activities of the Foundation have been possible with continued help and generous contributions from Directors, members, friends and well-wishers. The success of the activities has given the Foundation a strong footing in the areas of its limited operation.

The Directors consider financial position of the Foundation as given in the balance sheet to be satisfactory.

FUTURE OUTLOOK

The Foundation endeavors to keep providing financial assistance to those in need in areas of education to both genders, particularly from the primary to high school level. Interest-free recoverable loans are to continue which support livelihood initiatives by the young, un-employed and deserving persons in the rural areas.

PROFIT APPROPRIATIONS

The Foundation is set up under section 42 of the Companies Act, 2017 [the repealed Companies Ordinance, 1984] and is a non-profit organization.

AUDITORS

The present auditors, Peter & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment and are recommended for appointment as auditors for the financial year ending 30 June 2024.



DIRECTORS

During the financial year and up to the date of this report, the following persons were the Directors of the Foundation:

- Mian Safiullah
- Syed Bakhtiyar Kazmi
- Mrs. Sayyada Rakhshanda Safiullah
- Mian Muhammad Faisal Banday

ACKNOWLEDGEMENT

The Directors express their gratitude to the donors and members for their trust, valued support and look forward to their contributions and support to help the Foundation in meeting its objectives.

For and on behalf of the Board



Mian Safiullah
Chief Executive



Mian Muhammad Faisal Banday
Director

**RAHAMKAR WELFARE FOUNDATION -
ISLAMABAD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**Peter & Co. - Chartered Accountants
Office No. 1, 1st Floor, Plot No. 193
Korang Road, I - 10/3, Islamabad**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RAHAMKAR WELFARE FOUNDATION

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **RAHAMKAR WELFARE FOUNDATION** (the Foundation), which comprise the statement of financial position as at June 30, 2023 and the statement of income and expenditure and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at June 30, 2023 and of the income and expenditure and other comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in



accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Foundation'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 upto the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Foundation as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Foundation's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Oliver Peter Pervez.



Islamabad
UDIN # AR20231035319A6b7deJ
Dated: October 04, 2023

**RAHAMKAR WELFARE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non Current assets			
Interest free loans - unsecured-considered good	4	-	716,500
Current assets			
Interest free loans - unsecured-considered good	4.2	1,102,500	2,390,500
Income tax refundable		51,488	33,957
Cash at bank-in savings accounts		6,648,156	4,839,865
		7,802,144	7,264,322
Total Assets		7,802,144	7,980,822
Represented by			
Members' contribution	5	7,000	7,000
Accumulated surplus		7,795,144	7,973,822
		7,802,144	7,980,822

The annexed notes 1 to 9 form an integral part of these financial statements.




CHIEF EXECUTIVE


DIRECTOR

**RAHAMKAR WELFARE FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
INCOME			
Donations		2,220,000	1,275,000
Profit on bank accounts		<u>329,321</u>	<u>333,052</u>
		2,549,321	1,608,052
EXPENDITURE			
Grants:			
Tuition fee, books and uniforms		1,760,700	1,781,550
Welfare assistance	6	928,000	838,000
		2,688,700	2,619,550
Bank charges		<u>7,432</u>	<u>1,848</u>
		2,696,132	2,621,398
Deficit for the year before taxation		(146,811)	(1,013,346)
Provision for taxation - current year		(31,867)	(16,000)
Provision for taxation - prior year		-	<u>93,583</u>
Deficit for the year after taxation		(178,678)	(935,763)
Other comprehensive income		-	-
Total comprehensive loss for the year		(178,678)	(935,763)

The annexed notes 1 to 9 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR



**RAHAMKAR WELFARE FOUNDATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Members' contribution</u> Rupees	<u>Accumulated surplus</u> Rupees	<u>Total</u> Rupees
Balance at July 01, 2021	7,000	8,909,585	8,916,585
Total comprehensive income for the year			
Deficit for the year	-	(935,763)	(935,763)
Other comprehensive income	-	-	-
	-	(935,763)	(935,763)
Balance at June 30, 2022	<u>7,000</u>	<u>7,973,822</u>	<u>7,980,822</u>
Balance at July 01, 2022	7,000	7,973,822	7,980,822
Total comprehensive income for the year			
Deficit for the year	-	(178,678)	(178,678)
Other comprehensive income	-	-	-
	-	(178,678)	(178,678)
Balance at June 30, 2023	<u>7,000</u>	<u>7,795,144</u>	<u>7,802,144</u>

The annexed notes 1 to 9 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**RAHAMKAR WELFARE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year before taxation	(146,811)	(1,013,346)
Adjustments for:		
Bank charges	7,432	1,848
Profit on bank account	(329,321)	(333,052)
Cash used in from operations	(468,700)	(1,344,550)
Decrease / (increase) in assets		
Interest free loans - unsecured - considered goods	2,004,500	(851,500)
(Decrease) / increase in liabilities	-	-
Cash generated / (used in) from operating activities	1,535,800	(2,196,050)
Bank charges	(7,432)	(1,848)
Income tax paid	(49,398)	(198,895)
Net cash generated / (used in) from operating activities	1,478,970	(2,396,793)
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit on bank account	329,321	333,052
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase / (decrease) in cash and cash equivalents	1,808,291	(2,063,741)
Cash and cash equivalents at beginning of the year	4,839,865	6,903,606
Cash and cash equivalents at end of the year	6,648,156	4,839,865

The annexed notes 1 to 9 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**RAHAMKAR WELFARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1 STATUS AND OPERATIONS

Rahamkar Welfare Foundation ("the Foundation"), a Company limited by guarantee under section 42 of the Companies Ordinance, 1984 (repealed with the enactment of Companies Act, 2017) was incorporated on January 01, 1992. The objects of the Foundation are to provide financial assistance to the needy in the areas of continued livelihood, education, medical care and social welfare. The registered office of the Foundation is situated at 6th Floor, State Life Building No. 5, Jinnah Avenue, Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 Changes in accounting standards, interpretations and pronouncements

There are certain amendments to the accounting and reporting standards which became applicable to the Company on July 1, 2022. However, these amendments do not have any significant impact on the Company's financial statements.

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them.

Amendment to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after January 1, 2023). The amendments provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

Amendment to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants (effective for annual reporting periods beginning on or after January 1, 2023). The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.



RAHAMKAR WELFARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective for annual reporting periods beginning on or after January 1, 2023). The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' - Supplier Finance Arrangements (effective for annual reporting periods beginning on or after January 1, 2024). The amendments introduced new disclosure requirements in IFRS Standards to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates (effective for annual reporting periods beginning on or after January 1, 2023). The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted). The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

Amendments to IAS 12 'Income Taxes' - International Tax Reform-Pillar Two Model Rules (effective for annual reporting periods beginning on or after January 1, 2023). The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.



**RAHAMKAR WELFARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback' (effective for annual periods beginning on or after 1 January 2024). The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

On June 25, 2020, the IASB issued Amendment to IFRS 4 'Insurance Contracts'. The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now January 1, 2023.

The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

Further, the following standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified or has been waived off by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan.

IFRS 1 (First Time Adoption of International Financial Reporting Standards)

FRS 17 (Insurance Contracts)

FRIC 12 (Service concession arrangements)

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Foundation and rounded off to the nearest rupee.

2.5 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In the process of applying the Foundation's accounting policies, the management has made the estimates and judgments which are significant to the financial statements.



**RAHAMKAR WELFARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with the items which are considered material to the Foundation's financial statements.

3.1 3.1 Donations and grants

Donations are accounted for at the time of receipt.

Financial assistance and interest free loans are accounted for at the time of payment.

3.2 Taxation

Under the provisions of section 100C of the Income Tax Ordinance, 2001 (Ordinance) income of the Foundation being a welfare organization is subject to tax credit equal to one hundred percent of the tax payable on its surplus provided the Foundation is compliant with its tax withholding obligations, filed its withholding statements, filed its annual tax return and has also obtained approval from the Commissioner Inland Revenue under section 2(36) of the Ordinance as a non profit organization. Since the approval under section 2(36) of the Ordinance has not been obtained, therefore, the Foundation is not eligible to the tax credit.

3.3 Cash and cash equivalents

Cash and cash equivalents represent balance in bank account.

3.4 Profit on bank account

Profit on bank account is recognized on time proportion basis.

3.5 Interest free loans

The loans receivable are recognized initially at their transaction price and subsequently measured at amortized cost less allowances. The carrying amount of the loans is reduced through the use of an allowance account, and the amount of the loss is recognized in the income and expenditure account. When a loan is uncollectible, it is written off against the allowance account for loans. Subsequent recoveries of amounts previously written off are credited to other income in the income and expenditure account. Loans that are recoverable greater than twelve months after reporting date are classified as non-current assets.

3.6 Provisions

Provisions are recognized when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.



**RAHAMKAR WELFARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

3.7 Impairment

3.7.1 Financial assets

The Foundation recognizes an allowance for expected credit losses (ECLs) as associated with its debt instruments, interest free loans and other receivable at amortized cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Foundation expects to receive, discounted at an approximation of the original effective interest rate. For loans receivables, the Foundation applies a simplified approach in calculating ECLs. Therefore, the Foundation does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Foundation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the loans and the economic environment. The gross carrying amount of financial asset is written off when there is no reasonable expectation of recovering the financial asset.

3.7.2 Non-financial assets

The carrying amount of the Foundation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss. Impairment losses are recognized as expense in the income and expenditure account.

3.8 Financial instruments

Initial recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Foundation becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss, transactions costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

For the purposes of subsequent measurement, financial assets are classified into following categories:

- (i) Financial assets at amortized cost (debt instruments);
- (ii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- (iii) Financial assets at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Foundation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.



**RAHAMKAR WELFARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in income or expenditure. Any gain or loss on derecognition is recognised in income or

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in income or expenditure. Other financial liabilities are subsequently measured at amortised cost using effective interest method.

	Note	2023 Rupees	2022 Rupees
4 INTEREST FREE LOANS			
Opening balance		3,107,000	2,255,500
Add: Amounts disbursed during the year		400,000	3,480,000
Less: Amounts recovered during the year		(2,404,500)	(2,628,500)
	4.1	<u>1,102,500</u>	<u>3,107,000</u>
Less: Current portion of loans	4.2	<u>(1,102,500)</u>	<u>(2,390,500)</u>
		<u>-</u>	<u>716,500</u>

4.1 These represent the unsecured interest free loans to poor and needy individuals in the area of continued livelihood for social and economic up-lift of their families.

These are considered good, based on management's assessment of the credit quality inherent in the portfolio. Moreover, the Foundation's history of lending does not exhibit occurrence of default of any of its loans. Management believes that, since the portfolio is a non-default portfolio, comprising of short-term loans without any significant delays in repayments, any ECL determined for the portfolio will be

4.2 The long term portion has not been discounted as the impact of discounting is not material.

5 MEMBERS' CONTRIBUTION

This represents contributions received from members in accordance with the Clause VI of the Memorandum of Association of the Foundation.

6 WELFARE ASSISTANCE

	2023 Rupees	2022 Rupees
Subsistence allowances	88,000	88,000
Ramadan assistance	840,000	750,000
	<u>928,000</u>	<u>838,000</u>

**RAHAMKAR WELFARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

7 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT DISCLOSURES

Financial risk is analysed into following categories:

- i. credit risk;
- ii. market, interest rate and currency risk; and
- iii. liquidity risk.

Board of Directors have overall responsibility for the establishment and oversight of the Foundation's risk management framework.

The Foundation's risk management policies are established to identify and analyze the risks faced by it, 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 Foundation's activities.

Board of Directors oversee how management monitors compliance with the Foundation's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Foundation.

i. Credit risk

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk arises from deposit with banks, investment, loans, advances and other receivables. The Foundation maintains bank balances with financial institutions of sound credit rating. Accordingly, the Foundation is not exposed to significant credit risk.

The carrying values of financial assets which are neither past due nor impaired are as under:

	2023	2022
	Rupees	Rupees
Cash with banks	6,648,156	4,839,865
Interest free loans	1,102,500	3,107,000
	<u>7,750,656</u>	<u>7,946,865</u>

ii. Market, interest rate and currency risk

Market Risk

Market risk is the risk of change in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Foundation is not exposed to significant market risk.

**RAHAMKAR WELFARE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Interest Rate Risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from interest bearing investments. At the reporting date, the interest rate risk profile of the Foundation's interest bearing financial instruments is:

Fixed rate instruments	2023	2022
	Rupees	Rupees
Cash at banks	<u>6,648,156</u>	<u>4,839,865</u>

The Foundation is not exposed to significant variations in income and expenditure account on its fixed rate financial instruments.

Currency Risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Foundation is not exposed to any currency risk.

iii. Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Foundation's reputation.

7.2 Fund management

The Board of Directors of the Foundation monitors the performance along with the funds required for the sustainable operations of the Foundation. There were no changes to the Foundation's approach to the fund management during the year. The Foundation is not subject to externally imposed fund requirements.

7.3 Determination of fair values

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

7.3.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred.

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7.3.2 Determination of fair values

The Foundation's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

7.3.3 Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

7.3.4 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

	Fair values			
	Loans and receivables	Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees	Rupees
Financial assets				
Interest free loans	1,102,500	-	-	-
Cash at banks-in savings accounts	6,648,156	-	-	-
June 30, 2023	7,750,656	-	-	-
Financial assets				
Interest free loans	3,107,000	-	-	-
Cash at banks in savings accounts	4,839,865	-	-	-
June 30, 2022	7,946,865	-	-	-
		Maturity upto one year		
		Liabilities at amortized cost		
		2023	2022	
		Rupees	Rupees	
Financial liabilities		-	-	

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8 RELATED PARTY TRANSACTIONS

Related parties comprise of board members, key management personnel and entities over which the board members are able to exercise significant influence. Transactions with related parties are as under:

	Basis of relationship	2023 Rupees	2022 Rupees
Donation from Chief Executive	Note 8.1	250,000	160,000
Donation from director		100,000	75,000
		<u>350,000</u>	<u>235,000</u>

8.1 Certain directors of the Foundation are also partners in KPMG Taseer Hadi & Co., Chartered Accountants.

9 GENERAL

9.1 The Foundation's affairs are voluntarily managed by the Chief Executive and Directors without any remuneration.

9.2 There are no material contingencies and commitments at reporting date.

9.3 No employee has been hired by the Foundation since its inception and as at June 30, 2023 the Foundation had no employee (2022: Nil).

9.4 These financial statements were approved by the Board of Directors on October 04, 2023.

CHIEF EXECUTIVE

DIRECTOR