

## **DIRECTORS' REPORT**

The Directors are pleased to present the annual report of Rahamkar Welfare Foundation ("the Foundation") for the year ended 30 June 2024.

### **2023-2024: 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 genders) 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. 2,338,000 (2022-2023: Rs. 2,220,000) and dispersed grants of Rs. 2,969,500 (2022-2023: Rs. 2,688,700). The Foundation mainly emphasize on education and make disbursement among the deserving families which includes Rs. 1,867,500 (2022-2023: Rs. 1,760,700) for tuition fee, books and uniform payments to students to motivate and encourage families to send their children to school, irrespective of gender.

Interest free loans of Rs. 2,780,000 (2022-2023: Rs. 400,000) were disbursed for sustainable livelihood. Loans were also given for working capital to those with a skill to earn a living but unable to access financial institutions due to lack of collaterals; or requiring small amounts to buy income generating assets. During the year, the Foundation increased the amount of interest-free loans to deserving families and recoveries of the loans during the year stood at 100%.

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 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 2025.

## **DIRECTORS**

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

- Mian Safiullah
- Mrs. Sayyada Rakhshanda Safiullah
- Mian Muhammad Faisal Banday
- Kashif Mumtaz Malik

## **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, 2024**

**Peter & Co. - Chartered Accountants  
Office No. 1, 1<sup>st</sup> 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, 2024 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, 2024 and of the income and expenditure and other comprehensive 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



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

Dated: October 03, 2024


UDIN # AR202410353UtxMYSjmn

**RAHAMKAR WELFARE FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2024**

	Note	2024 Rupees	Restated 2023 Rupees
<b>ASSETS</b>			
<b>Non current assets</b>			
Interest free loans - unsecured - considered good	4	46,800	-
<b>Current assets</b>			
Interest free loans - unsecured - considered good	4	1,910,400	1,102,500
Prepaid levy		25,293	51,488
Cash at bank - savings accounts		5,162,971	6,648,156
		7,098,664	7,802,144
<b>Total assets</b>		<b>7,145,464</b>	<b>7,802,144</b>
<b>Represented by:</b>			
Members' contribution	5	7,000	7,000
Accumulated surplus		7,138,464	7,795,144
		<b>7,145,464</b>	<b>7,802,144</b>

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, 2024**

	Note	2024 Rupees	Restated 2023 Rupees
<b>INCOME</b>			
Donations		2,338,000	2,220,000
Profit on bank accounts		19,719	329,321
		<u>2,357,719</u>	<u>2,549,321</u>
<b>EXPENDITURE</b>			
<i>Grants:</i>			
Tuition fee, books and uniforms		1,867,500	1,760,700
Welfare assistance	6	1,102,000	928,000
		<u>2,969,500</u>	<u>2,688,700</u>
Bank charges		549	7,432
Filing fee		15,125	-
		<u>15,674</u>	<u>7,432</u>
<b>Deficit for the year before minimum tax</b>		<b>(627,455)</b>	<b>(146,811)</b>
Minimum tax		(29,225)	(31,867)
<b>Deficit before income tax</b>		<b>(656,680)</b>	<b>(178,678)</b>
Income tax		-	-
<b>Deficit for the year</b>		<b>(656,680)</b>	<b>(178,678)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(656,680)</b>	<b>(178,678)</b>

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, 2024**

	<u>Members' contribution</u>	<u>Accumulated surplus</u>	<u>Total</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>Balance at July 01, 2022</b>	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)
<b>Balance at June 30, 2023</b>	<u>7,000</u>	<u>7,795,144</u>	<u>7,802,144</u>
<b>Balance at July 01, 2023</b>	7,000	7,795,144	7,802,144
Total comprehensive income for the year			
Deficit for the year	-	(656,680)	(656,680)
Other comprehensive income	-	-	-
	-	(656,680)	(656,680)
<b>Balance at June 30, 2024</b>	<u>7,000</u>	<u>7,138,464</u>	<u>7,145,464</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, 2024**

	2024 Rupees	Restated 2023 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit for the year before minimum tax	(627,455)	(146,811)
<i>Adjustments for:</i>		
Bank charges	(549)	7,432
Profit on bank accounts	(19,719)	(329,321)
<b>Deficit before changes in assets</b>	(647,723)	(468,700)
<b>(Increase) / decrease in assets</b>		
Interest free loans - unsecured	(854,700)	2,004,500
<b>Cash (used in) / generated from operations</b>	(1,502,423)	1,535,800
Bank charges	549	(7,432)
Levy paid	(3,030)	(49,398)
<b>Net cash (used in) / generated from operating activities</b>	(1,504,904)	1,478,970
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Profit received on bank accounts	19,719	329,321
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (decrease) / increase in cash and cash equivalents	(1,485,185)	1,808,291
Cash and cash equivalents at beginning of the year	6,648,156	4,839,865
Cash and cash equivalents at end of the year	5,162,971	6,648,156

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, 2024**

**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 objectives 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 Standards, Interpretations and Amendments to the Approved Accounting Standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2024 and may have impact on material accounting policy information. The Foundation is in the process of evaluating the potential impact of the amendments on these financial statements:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.



**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:



**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

**2.3 Basis of measurement**

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

**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 rupees.

**3 Material accounting policy information**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes described below:

- The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 July 2023. Although the amendments did not result in any change to the accounting policies themselves, they impacted the accounting policy information disclosed in these unconsolidated financial statements. The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand from the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in material accounting policies which are stated in the sub-notes.
- The Institute of Chartered Accountants of Pakistan (ICAP) vide Circular No. 07/2024 dated 15 May 2024 issued the application guidance on accounting for minimum taxes. As per the guidance, minimum taxes paid should be classified as 'levies' and not income tax in the unconsolidated statement of profit or loss. Since, the impact of the said changes is material, per the abovesaid guidance issued by ICAP and IAS 8 'Accounting Policies, changes in accounting estimates and errors', the changes are to be applied retrospectively. Accordingly, the Foundation has restated its comparative information presented in the statement of financial position by reclassifying income tax refundable amounting to Rs. 51,488 as 'Prepaid levy'. In the statement of income and expenditure and other comprehensive income, the same amount has been reclassified as 'Minimum tax' in place of 'Income tax'. This change has also resulted in the re-presentation of statement of cashflows, wherein, the said amount has been reclassified as 'Levy paid', resulting in decrease of 'Income tax paid' by the same amount.
- The Securities and Exchange Commission of Pakistan vide SRO 240(I)/2024 issued 'Accounting Standard on Financial Statements Disclosures of Zakat received by an entity' effective for annual reporting periods beginning on or after 01 January 2024 with earlier application permitted. The Foundation has early adopted this change in accounting policy which resulted in certain additional disclosures relating to Zakat received and its reconciliation with opening balances, zakat utilized including information relating to nature and amounts, closing balances of Zakat's unutilized portion and its representation by net assets of the Foundation. Refer note 6.1.



**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**3.1 Donations and grants**

Donations and grants received without any conditions are recognized as income during the year of receipt.

**3.2 Taxation**

Under the provisions of Section 100C of the Income Tax Ordinance, 2001 the income of the Foundation being a welfare organization is subject to tax credit equal to one hundred percent of the tax payable 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 and carried at amortized cost.

**3.4 Profit on bank deposit**

Profit on bank deposit is recognized on time proportion basis using effective interest rate.

**3.5 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.

**3.6 Financial instruments**

The Company initially recognizes financial assets on the date when they are originated. Trade and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

**3.6.1 Financial asset**

**Classification**

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

**a) Amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

**Subsequent measurement**

**Financial assets at amortized cost**

Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in unconsolidated profit or loss. Any gain or loss on de-recognition is recognized in unconsolidated statement of profit or loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in unconsolidated profit or loss. Other net gains and losses are recognized in unconsolidated OCI. On de-recognition, gains and losses accumulated in unconsolidated OCI are reclassified to unconsolidated statement of profit or loss.

**Financial assets at FVTPL**

Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated statement of profit or loss.

**Equity investment at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in unconsolidated OCI and are never reclassified to unconsolidated statement of profit or loss.

**De-recognition**

The Foundation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Foundation is recognized as a separate asset or liability.

**3.6.2 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at 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 recognized in unconsolidated profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in unconsolidated statement of profit or loss. Any gain or loss on de-recognition is also included in unconsolidated profit or loss.



**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

The Foundation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the unconsolidated statement of profit or loss for the period in which it arises.

**3.6.3 Offsetting**

Financial assets and financial liabilities are offset, and the net amount presented in the unconsolidated statement of financial position when, and only when, the Foundation currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

	Note	2024 Rupees	2023 Rupees
<b>4 INTEREST FREE LOANS</b>			
Opening balance		1,102,500	3,107,000
Add: Amounts disbursed during the year		2,780,000	400,000
Less: Amounts recovered during the year		<u>(1,925,300)</u>	<u>(2,404,500)</u>
	4.1	1,957,200	1,102,500
Less: Current portion of loans		<u>(1,910,400)</u>	<u>(1,102,500)</u>
Non-current portion		<u>46,800</u>	<u>-</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 stated at the gross amounts as the impact of carrying at amortized cost is not material to these financial statements. Based on expectation of recoverability, expected credit loss is considered to be insignificant.

**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**

	2024 Rupees	2023 Rupees
Subsistence allowances	78,000	88,000
Ramadan assistance	<u>1,024,000</u>	<u>840,000</u>
	<u>1,102,000</u>	<u>928,000</u>

**6.1: Movement of Zakat received including amounts expended**

**Zakat available for utilization**

Opening balance of Zakat	-	-
Zakat received during the year	<u>1,138,000</u>	<u>1,360,000</u>
	1,138,000	1,360,000

**Zakat utilized during the year**

Ramadan assistance	(1,024,000)	(840,000)
Subsistence allowances	(78,000)	(88,000)
Tuition fee support	<u>(36,000)</u>	<u>(432,000)</u>
<b>Unutilized balance</b>	<u>-</u>	<u>-</u>

*JAS*

**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**Closing balance of Zakat is represented by:**

Cash at bank - savings accounts

\_\_\_\_\_

**7 FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT DISCLOSURES**

**7.1 Financial risk management**

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.



**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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

	<b>2024</b>	2023
	<b>Rupees</b>	Rupees
Cash with bank	<b>5,162,971</b>	6,648,157
Interest free loans	<b>1,957,200</b>	1,102,500
	<b><u>7,120,171</u></b>	<u>7,750,657</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.

**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:

<b>Fixed rate instruments</b>	<b>2024</b>	2023
	<b>Rupees</b>	Rupees
Cash at bank	<b><u>5,162,971</u></b>	<u>6,648,156</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.



**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**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.

**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.



**RAHAMKAR WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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.

	Amortized cost	Fair values		
		Level 1	Level 2	Level 3
	Rupees	Rupees	Rupees	Rupees
<b>Financial assets</b>				
Interest free loans	1,957,200	-	-	-
Cash at bank - savings accounts	5,162,971	-	-	-
<b>June 30, 2024</b>	<b>7,120,171</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial assets</b>				
Interest free loans	1,102,500	-	-	-
Cash at bank - savings accounts	6,648,156	-	-	-
<b>June 30, 2023</b>	<b>7,750,656</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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 follows:

		2024	2023
		Rupees	Rupees
	<b>Basis of relationship</b>		
Donation from Chief Executive		-	250,000
Donation from directors	8.1	100,000	100,000
		<b>100,000</b>	<b>350,000</b>

**8.1:** Certain directors of the Foundation are also partner 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, 2024, the Foundation had no employees (2023: Nil).

9.4: These financial statements were approved by the Board of Directors on October 03, 2024.



  
CHIEF EXECUTIVE

  
DIRECTOR