

AL-SEHAH FOUNDATION

AUDITED FINANCIAL STATEMENTS FOR
THE YEAR ENDED JUNE 30, 2023



A A BAIG & Co.
CHARTERED ACCOUNTANTS



A A BAIG & Co.

CHARTERED ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AL-SEHAH FOUNDATION REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Al-Sehah 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 funds, 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, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at June 30, 2023 and of the **surplus** and other comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

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

Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Foundation's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 fund balance 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) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 15 JAN 2024

Karachi

UDIN: AR202310220nse57lg1V

A A Baig & Co.
A A BAIG & Co.
CHARTERED ACCOUNTANTS

Name of engagement partner: Mirza Asad Ali Baig

AL-SEHAH FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Notes	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Investment property	3	16,661,434	-
CURRENT ASSETS			
Short term investment - term deposits	4	14,500,000	5,500,000
Loans & advances - unsecured, considered good		3,100,000	1,700,000
Accrued profit on term deposits		373,750	350,095
Advance tax		449,413	10,307
Cash and bank balances	5	21,519,731	366,838
		39,942,894	7,927,240
TOTAL ASSETS		<u>56,604,328</u>	<u>7,927,240</u>
FUNDS AND LIABILITIES			
FUNDS			
General fund		-	-
Accumulated surplus		15,527,949	1,664,793
		<u>15,527,949</u>	<u>1,664,793</u>
NON-CURRENT LIABILITIES			
Deferred income related to medical support	6	3,738,274	6,235,447
Deferred income related to construction	7	34,273,566	-
CURRENT LIABILITIES			
Accrued expenses		3,064,539	27,000
CONTINGENCIES AND COMMITMENTS			
	8	-	-
TOTAL FUNDS AND LIABILITIES		<u>56,604,328</u>	<u>7,927,240</u>

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


Director


Chief Executive

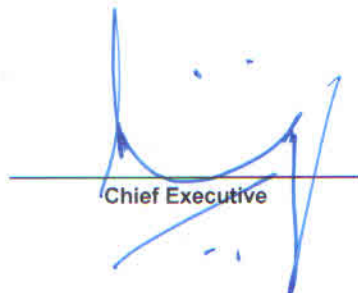
AL-SEHAH FOUNDATION
 STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023 Rupees	2022 Rupees
INCOME			
Donations	9	27,950,551	14,151,589
OPERATING EXPENSES			
Salaries, allowance and other benefits		540,000	540,000
Donation expenses		14,113,235	13,363,706
		14,653,235	13,903,706
ADMINISTRATIVE EXPENSES			
Legal and professional		327,367	148,600
Audit fee		27,000	27,000
Printing and stationery		2,800	-
Bank charges		8,374	2,949
Domain charges		10,000	-
		375,541	178,549
Other Income- Bank profit		116,964	40,823
- Income on investment		824,416	350,095
		941,380	390,918
Surplus for the year before taxation		13,863,156	460,252
Taxation	10	-	-
Surplus for the year after taxation		13,863,156	460,252
Other comprehensive income		-	-
Total comprehensive income		13,863,156	460,252

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


 Director

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 Chief Executive

**AL-SEHAH FOUNDATION
STATEMENT OF CHANGES IN NET FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**


	General Fund	Accumulated Surplus	Total
	----- Rupees -----		
Balance as at June 30, 2021	-	1,204,541	1,204,541
Surplus for the year ended June 30, 2022	-	460,252	460,252
Balance as at June 30, 2022	-	1,664,793	1,664,793
Surplus for the year ended June 30, 2023	-	13,863,156	13,863,156
Balance as at June 30, 2023	-	15,527,949	15,527,949

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



Director

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Chief Executive


**AL-SEHAH FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	13,863,156	460,252
Adjustment for non-cash item	-	-
Surplus before working capital changes	<u>13,863,156</u>	<u>460,252</u>
Working capital changes		
(Increase) in loans & advances	(1,400,000)	(1,700,000)
(Increase) in accrued profit	(23,655)	(350,095)
Increase in deferred income	31,776,393	1,437,772
(Decrease) in accrued expenses	3,037,539	(34,200)
Operating surplus / (deficit) after working capital changes	<u>47,253,433</u>	<u>(186,271)</u>
Tax paid	(439,106)	(6,977)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	<u>46,814,327</u>	<u>(193,248)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment during the year	(25,661,434)	(5,500,000)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>21,152,893</u>	<u>(5,693,248)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	366,838	6,060,086
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>21,519,731</u></u>	<u><u>366,838</u></u>

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



Director



Chief Executive

1 NATURE AND STATUS OF FOUNDATION

The Foundation was incorporated in Pakistan on 24 October 2014 as a Company Limited by Guarantee under section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017) The Registered Office of the Foundation is situated at Suite No. 103 1st Floor, The Plaza Shopping Mall opp. do talwar, main Clifton, Karachi. The main objects of the Foundation are to aid, assist, set up, maintain, administer hospitals, medical facilities, nursing homes, sanatoria, maternity homes, mother and child care centers, clinics, dispensaries, laboratories and therapy centers and other centers connected with the care of human body both in Urban and Rural areas. And also, to establish, maintain, manage and administers Medical Aid Programmes providing medical relief and help to humans who are needy, the poor and the destitute and undertake charitable and philanthropic activities for the benefit of mankind and also provide aid, assist and co-operate with other organization and/or persons doing such relief and charitable work.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statement have been prepared in accordance with International Financial Reporting Standards of SMEs and Accounting Standards for NPOs, issued by the institute of Chartered Accountants of Pakistan and Provisions and Provision of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of the Companies Act, 2017 shall prevail.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention. The accounting policies have been consistently applied by the company with those of previous year.

2.3 Property, plant and equipment

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying reducing balance method at the rates specified in the schedule of fixed assets. Depreciation on addition is charged for the full month in which the asset is purchased or put to use while on disposal to the month immediately preceding the disposal. Maintenance and repairs are charged to income as and when incurred.

2.4 Impairment

The carrying amounts of the Company's assets are reviewed at each year end date to determine whether there is any indication of impairment loss. If any such indication exists the asset's recoverable amount is estimated in order to determine the extent of the impairment loss if any. Impairment losses are recognized as expense in Statement of income and expenditure and other comprehensive income.

2.5 Cash and cash equivalent

Cash and cash equivalents are stated at cost.

2.6 Income recognition

- Donations and contributions are recognized on receipt basis.
- Externally restricted contributions for expenses of one or more future periods are accumulated in statement of financial position as deferred contribution and recognized as revenue in statement of income and expenditure in the same period or periods as related expenses are recognized. Restricted and other contributions for the purchase of capital assets, which will not be depreciated are recognized as income upon purchase of capital assets.
- Profit on investment is recognized on accrual basis.

2.7 Expenditure recognition

All expenditure are recorded on accrual basis.

2.8 Restricted contributions

A restricted contribution is a contribution subject to externally imposed stipulations that specify the purpose for which the contribution asset or fund is to be used. Externally restricted contributions for expenses of one or more future periods are accumulated in statement of financial position as deferred contribution and recognized as revenue in statement of income and expenditure in the same period or periods as related expenses are recognized.

2.9 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises land and buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

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3 INVESTMENT PROPERTY

	Cost			Rate	Accumulated Depreciation			WDV
	As at July 1, 2022	For the year	As at June 30, 2023		As at July 1, 2022	For the year	As at June 30, 2023	As at June 30, 2023
	(Rupees)				(Rupees)			(Rupees)
Land	-	16,661,434	16,661,434	0%	-	-	16,661,434	
2023	-	16,661,434	16,661,434		-	-	16,661,433	
2022	-	-	-		-	-	-	

4 SHORT TERM INVESTMENT - TERM DEPOSITS

This includes investment in term deposits of Rs. 5,500,000/- and Rs. 9,000,000/- for 1 year term which will mature on March 30, 2024 and May 08, 2024.

5 CASH AND BANK BALANCES

	2023 Rupees	2022 Rupees
Cash at bank - saving account	20,814,978	35,059
- current account	704,753	331,779
	<u>21,519,731</u>	<u>366,838</u>

6 DEFERRED INCOME RELATED TO MEDICAL SUPPORT

This represents donation received for medical support of needy. The movement of the balance is as follows:

	2023 Rupees	2022 Rupees
Opening balance	6,235,447	4,797,675
Donation received during the year	-	5,000,000
Amortization for the year	(2,497,173)	(3,562,228)
Closing balance	<u>3,738,274</u>	<u>6,235,447</u>

7 DEFERRED INCOME RELATED TO LAND

This represents donation received for land. The movement of the balance is as follows:

	2023 Rupees	2022 Rupees
Opening balance	-	-
Donation received during the year	51,235,000	-
Amortization for the year	(16,961,434)	-
Closing balance	<u>34,273,566</u>	<u>-</u>

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2023.

9 DONATIONS

	2023 Rupees	2022 Rupees
Donations received during the year	59,726,944	15,589,361
Less: Deferred	(51,235,000)	(5,000,000)
	8,491,944	10,589,361
Amortized - related to medical support & land	19,458,607	3,562,228
	<u>27,950,551</u>	<u>14,151,589</u>

9.1 Major Sources of donation

- By sector		
Donation from individuals	<u>59,726,944</u>	<u>15,589,361</u>
- By origin		
Local	59,726,944	15,589,361
Foreigners	-	-
	<u>59,726,944</u>	<u>15,589,361</u>

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10 TAXATION

Being a welfare organization under section 2(36), the Foundation's income is subject to 100% tax credit under section 100C of the Income Tax Ordinance, 2001. Further, minimum tax is also not applicable in term of Clause 11A of Part IV of the Second Schedule of the Ordinance.

11 RELATED PARTY TRANSACTIONS

	2023 Rupees	2022 Rupees
Donation from Mr. Muhammad Yahya Chawla, director	9,600,000	6,700,000
Donation from Mr. Muhammad Suleman Chawla, director	5,965,000	-

12 FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

- at amortized cost

Short term investment	14,500,000	5,500,000
Loans & advances	3,100,000	1,700,000
Accrued profit	373,750	350,095
Cash & bank balances	21,519,731	366,838
	<u>39,493,481</u>	<u>7,916,933</u>

Financial Liabilities

- at amortized cost

Accrued expenses	<u>27,000</u>	<u>27,000</u>
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13 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

Remuneration of CEO, directors and other executives during the year was Rs. Nil (2022: Rs. Nil)

14 NUMBER OF EMPLOYEES

Number of employees as at June 30, 2023 was 2 (2022: 2)
Average number of employees during the year was 2 (2022: 2)

15 DATE OF AUTHORIZATION

15 JAN 2024

These financial statements were authorized for issue on _____ by the Board of Directors of the Foundation.

16 GENERAL

Figures have been rounded off to the nearest Rupee.

Director

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Chief Executive