



FINANCIAL STATEMENTS OF
SHEIKH SIRAJ FOUNDATION
FOR THE YEAR ENDED

JUNE 30, 2020

BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SHEIKH SIRAJ FOUNDATION**Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **Sheikh Siraj Foundation** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of income and expenditure, the statement of 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, the statement of comprehensive income, the statement of changes in equity, 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 Company's affairs as at June 30, 2020 and of the deficit 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 Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, 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 Company'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 auditor's report is Iffat Hussain.

ISLAMABAD

DATED:

Bdo ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
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**SHEIKH SIRAJ FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

| | Note | 2020 Rupees | 2019 Rupees |
|--------------------------------------|------|----------------|------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property and equipment | 4 | 361,045 | 52,675 |
| CURRENT ASSETS | | | |
| Cash and bank balances | 5 | 110,969 | 1,462,285 |
| TOTAL ASSETS | | <u>472,014</u> | <u>1,514,960</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Deferred capital grant | 6 | 302,470 | - |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 55,500 | 90,831 |
| TOTAL LIABILITIES | | <u>357,970</u> | <u>90,831</u> |
| NET ASSETS | | <u>114,044</u> | <u>1,424,129</u> |
| REPRESENTED BY | | | |
| ACCUMULATED RESERVES | | <u>114,044</u> | <u>1,424,129</u> |
| CONTINGENCIES AND COMMITMENTS | 8 | - | - |

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**SHEIKH SIRAJ FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE PERIOD FROM JULY 01, 2019 TO JUNE 30, 2020**

| | | July 01, 2019 to June 30, 2020 | May 03, 2019 to June 30, 2019 |
|----------------------------------|------|--------------------------------------|-------------------------------------|
| | Note | Rupees | Rupees |
| Income | 9 | 3,728,630 | 3,185,000 |
| Programme cost | 10 | (3,482,875) | (1,533,000) |
| Administrative cost | 11 | (1,553,500) | (223,811) |
| Financial charges | 12 | (2,340) | (4,060) |
| | | (5,038,715) | (1,760,871) |
| (Deficit)/surplus for the period | | <u>(1,310,085)</u> | <u>1,424,129</u> |

The annexed notes from 1 to 19 form an integral part of these financial statements.

Review.


CHIEF EXECUTIVE


DIRECTOR

**SHEIKH SIRAJ FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JULY 01, 2019 TO JUNE 30, 2020**

| | July 01, 2019 to June 30, 2020 Rupees | May 03, 2019 to June 30, 2019 Rupees |
|--|--|---|
| (Deficit)/surplus for the period | (1,310,085) | 1,424,129 |
| Other comprehensive income | - | - |
| Total comprehensive (loss) / income for the period | <u>(1,310,085)</u> | <u>1,424,129</u> |

The annexed notes from 1 to 19 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

SHEIKH SIRAJ FOUNDATION
CASH FLOW STATEMENT
FOR THE PERIOD FROM JULY 01, 2019 TO JUNE 30, 2020

| | July 01, 2019 to June 30, 2020 | May 03, 2019 to June 30, 2019 |
|--|--------------------------------------|-------------------------------------|
| Note | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Deficit)/surplus for the period | (1,310,085) | 1,424,129 |
| Adjustments for non cash items: | | |
| Depreciation | 79,450 | 11,825 |
| Financial Charges | 2,340 | 4,060 |
| Amortization of deferred capital grant | (68,630) | - |
| | <u>13,160</u> | <u>15,885</u> |
| (Loss) / surplus before working capital changes | <u>(1,296,925)</u> | <u>1,440,014</u> |
| Working capital changes | | |
| (Decrease)/increase in current liabilities: | | |
| Trade and other payables | <u>(35,331)</u> | <u>90,831</u> |
| Cash (used in)/ generated from operations | <u>(1,332,256)</u> | <u>1,530,845</u> |
| Financial charges paid | <u>(2,340)</u> | <u>(4,060)</u> |
| Net cash (used in) / generated from operating activities | <u>(1,334,596)</u> | <u>1,526,785</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition to property and equipment | <u>(16,720)</u> | <u>(64,500)</u> |
| Net cash used in investing activities | <u>(16,720)</u> | <u>(64,500)</u> |
| Net (decrease) / increase in cash and cash equivalents | <u>(1,351,316)</u> | <u>1,462,285</u> |
| Cash and cash equivalents at the beginning of the period | 1,462,285 | - |
| Cash and cash equivalents at the end of the period | 5 <u><u>110,969</u></u> | <u><u>1,462,285</u></u> |

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**SHEIKH SIRAJ FOUNDATION
STATEMENT OF CHANGES IN FUND
FOR THE PERIOD FROM JULY 01, 2019 TO JUNE 30, 2020**

| | Accumulated reserves | Total |
|---|-------------------------|-------------|
| Rupees | | |
| Balance as at May 03, 2019 | - | - |
| Total comprehensive income for the period | 1,424,129 | 1,424,129 |
| Balance as at June 30, 2019 | 1,424,129 | 1,424,129 |
| Total comprehensive loss for the period | (1,310,085) | (1,310,085) |
| Balance as at June 30, 2020 | 114,044 | 114,044 |

The annexed notes from 1 to 19 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

SHEIKH SIRAJ FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JULY 01, 2019 TO JUNE 30, 2020

1 CORPORATION AND ITS OBJECTIVES

1.1 Legal status and operations

Sheikh Siraj Foundation "the Company" is incorporated in Pakistan on May 03, 2019 as a Company limited by guarantee having no share capital, under Section 42 of the Companies Ordinance, 1984 (Now Companies Act, 2017).

The objectives of the company are to provide financial assistance to underprivileged people of Pakistan resulting in provisioning of basic health facilities, free food and temporary shelter and to provide scholarships to for the needy and poor students and to provide free Islamic learning to ladies and children but not to act as a microfinance institute.

The Company's registered office is located at 18, Street No 25, Orchard Area, Sector C DHA 1, 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:

- Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Accounting standards 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 / IFRS for SMEs or the Accounting Standard for NPOS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention and on accrual basis of accounting except for the cash flow statement or as otherwise stated, in the respective policies and notes given hereunder.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation except freehold land which is stated at cost.

Depreciation is charged by applying the straight line method at the rates specified in note 5 to these financial statements, which are considered appropriate to write off the cost of the assets over their useful economic lives.

Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month preceding the month of disposal.

Gains and losses on disposal of items of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised as income.

The Company reviews the useful life and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, and equipment with a corresponding effect on depreciation charge and impairment.

3.2 Cash and bank balances

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand and balances with banks. Cash and cash equivalents also include bank overdrafts / short term financing / facilities that are repayable on demand and which form an integral part of the Company's cash management.

3.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is in the fair value of the consideration to be paid in future for the goods and services received, whether or not billed to the Company.

Balance

3.4 Revenue recognition

Donations and Zakat for programs are recognized on receipt basis.

3.5 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at balance sheet date are carried as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet, which are classified as non-current assets. The Company's loans and receivables comprise 'cash and cash equivalents' in the balance sheet.

Impairment

At the end of each reporting period the Company assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

3.6 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

3.7 Cash and cash equivalents

Cash and cash equivalent are carried in the balance sheet at nominal amounts. For the purpose of cash flow statement, cash and cash equivalent comprise cash in hand, cash with bank in current account.

Review.

4 PROPERTY, PLANT AND EQUIPMENT

| Description | Furniture and fixtures | Office and electric equipment | Computers, mobiles and accessories | Total |
|---------------------------------------|------------------------|-------------------------------|------------------------------------|----------------|
| ----- Rupees ----- | | | | |
| Year ended June 30, 2020 | | | | |
| Net carrying value basis | | | | |
| Opening book value | 52,675 | - | - | 52,675 |
| Additions | 281,320 | 84,500 | 22,000 | 387,820 |
| Deletions - NBV | - | - | - | - |
| Depreciation charge | (63,739) | (8,451) | (7,260) | (79,450) |
| Closing net book value | <u>270,256</u> | <u>76,049</u> | <u>14,740</u> | <u>361,045</u> |
| Gross carrying value basis | | | | |
| Cost/revalue | 345,820 | 84,500 | 22,000 | 452,320 |
| Accumulated depreciation | (75,564) | (8,451) | (7,260) | (91,275) |
| Net book value | <u>270,256</u> | <u>76,049</u> | <u>14,740</u> | <u>361,045</u> |
| Year ended June 30, 2019 | | | | |
| Net carrying value basis | | | | |
| Opening book value | - | - | - | - |
| Additions | 64,500 | - | - | 64,500 |
| Deletions - NBV | - | - | - | - |
| Depreciation charge | (11,825) | - | - | (11,825) |
| Closing net book value | <u>52,675</u> | <u>-</u> | <u>-</u> | <u>52,675</u> |
| Gross carrying value basis | | | | |
| Cost/revalue | 64,500 | - | - | 64,500 |
| Accumulated depreciation | (11,825) | - | - | (11,825) |
| Net book value | <u>52,675</u> | <u>-</u> | <u>-</u> | <u>52,675</u> |
| Rate of depreciation per annum | 20% | 10% | 33% | |

4.1 Details of assets recorded as deferred capital grants is as follows:

| | Net book value | Depreciation |
|------------------------------------|----------------|---------------|
| Furniture and fixtures | 264,600 | 52,920 |
| Office and electric equipment | 84,500 | 8,450 |
| Computers, mobiles and accessories | 22,000 | 7,260 |
| Year 2020 | <u>371,100</u> | <u>68,630</u> |
| Year 2019 | <u>-</u> | <u>-</u> |

Adrew.

| | Note | 2020 Rupees | 2019 Rupees |
|---------------------------------|------|----------------|------------------|
| 5 CASH AND BANK BALANCES | | | |
| Cash at bank- local currency | | | |
| Current account | | 110,969 | - |
| Saving account | 5.1 | - | 1,462,285 |
| | | <u>110,969</u> | <u>1,462,285</u> |

5.1 Saving accounts carry riba free return at the rate of nil per annum (2019: 3.75%)

| | Note | 2020 Rupees | 2019 Rupees |
|--------------------------------------|------|----------------|----------------|
| 6 DEFERRED CAPITAL GRANT | | | |
| Balance at the beginning of the year | | - | - |
| Additions during the year | 4.1 | 371,100 | - |
| Amortization during the year | | (68,630) | - |
| | | <u>302,470</u> | <u>-</u> |

7 TRADE AND OTHER PAYABLES

| | | | |
|-------------------|--|---------------|---------------|
| Audit fee payable | | 55,500 | 50,000 |
| Accured expenses | | - | 10,831 |
| Payable to CEO | | - | 30,000 |
| | | <u>55,500</u> | <u>90,831</u> |

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There were no contingent liabilities as at June 30, 2020 (2019: Nil).

8.2 Commitments

There were no commitments as at June 30, 2020 (2019: Nil).

| | Note | July 01, 2019 to June 30, 2020 Rupees | May 03, 2019 to June 30, 2019 Rupees |
|--|------|--|---|
| 9 INCOME | | | |
| Donations | 9.1 | 800,000 | 885,000 |
| Zakat | 9.2 | 2,860,000 | 2,300,000 |
| Amortization of deferred capital grant | 6 | 68,630 | - |
| | | <u>3,728,630</u> | <u>3,185,000</u> |

9.1 This represents donation received from director of the Company.

9.2 This represents zakat received from chief executive officer of the Company .

| | July 01, 2019 to June 30, 2020 Rupees | May 03, 2019 to June 30, 2019 Rupees |
|------------------------------------|--|---|
| 10 PROGRAMME COST | | |
| Financial Assistance | | |
| Education | 456,000 | 215,000 |
| Food and basic needs | 1,906,425 | 880,000 |
| Medical and health | 1,120,450 | 438,000 |
| | <u>3,482,875</u> | <u>1,533,000</u> |
| 11 ADMINISTRATIVE COST | | |
| Salaries, wages and other benefits | 1,158,000 | 82,000 |
| License and incorporation fee | 37,917 | 53,589 |
| Repair and maintenance | 3,370 | 2,500 |
| Printing and stationary | 42,870 | 8,740 |
| Depreciation | 79,450 | 11,825 |
| Utilities | 72,221 | 9,317 |
| Audit fee | 52,500 | 50,000 |
| Office supplies | 64,597 | 5,840 |
| Seminars and activities | 42,575 | - |
| | <u>1,553,500</u> | <u>223,811</u> |

11.1 Remuneration and other benefits were not provided to the Chief Executive, directors or executives of the Company during the period.

| | July 01, 2019 to June 30, 2020 Rupees | May 03, 2019 to June 30, 2019 Rupees |
|-----------------------------|--|---|
| 12 FINANCIAL CHARGES | | |
| Bank charges | <u>2,340</u> | <u>4,060</u> |

Below.

13 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows: -

| | July 01, 2019 to June 30, 2020 | | | | May 03, 2019 to June 30, 2019 | | | |
|--------------------------------|--------------------------------|-----------------------------------|----------------------|---------|-----------------------------------|-----------------------------------|----------------------|-----------|
| | Interest/mark up bearing | | Not interest bearing | | Interest/mark up bearing | | Not interest bearing | |
| | Maturity up to one year | Maturity up to one after one year | Sub-total | Total | Maturity up to one after one year | Maturity up to one after one year | Sub-total | Total |
| Rupees | | | | | | | | |
| Financial assets | | | | | | | | |
| Loans and receivables | | | | | | | | |
| Cash and bank balances | 110,969 | - | - | 110,969 | 1,462,285 | - | - | 1,462,285 |
| | 110,969 | - | - | 110,969 | 1,462,285 | - | - | 1,462,285 |
| Financial liabilities | | | | | | | | |
| At amortized cost | | | | | | | | |
| Trade and other payables | 55,500 | - | - | 55,500 | 90,831 | - | - | 90,831 |
| | 55,500 | - | - | 55,500 | 90,831 | - | - | 90,831 |
| On balance sheet gap | 55,469 | - | - | 55,469 | 1,371,454 | - | - | 1,371,454 |
| Off balance sheet items | | | | | | | | |
| Financial commitments: | - | - | - | - | - | - | - | - |
| Total gap | 55,469 | - | - | 55,469 | 1,371,454 | - | - | 1,371,454 |

13.1 Effective interest rates are mentioned in the respective notes to the financial statements.

Pres.

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

14.1 Risk management policies

The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing funds. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk.

Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

14.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

| | 2020 Rupees | 2019 Rupees |
|---------------|----------------|------------------|
| Bank balances | <u>110,969</u> | <u>1,462,285</u> |

To manage exposure to credit risk in respect of financial assets, management performs credit reviews taking into account the third party's financial position, past experience and other factors.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business

activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired

During the year no assets have been impaired.

14.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company believes that it is not exposed to any significant level of liquidity risk, as the Company is making appropriate arrangements for raising funds.

14.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other than the functional currency in which they are measured. Presently the Company is not exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as the Company does not hold any interest bearing instrument as at the balance sheet date, therefore, no sensitivity analysis has been presented.

(iii) Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of directors, key management personnel and associated companies. Remuneration of Chief Executive and directors is disclosed in note 11 to the financial statements. Transactions with related parties other than those disclosed in note 11 to the financial statements and year ended related party balances are as follows:

| Name of the related party | Relationship | Transactions during the year and year end balances | July 01, 2019 to June 30, 2020 Rupees | May 03, 2019 to June 30, 2019 Rupees |
|---------------------------------------|---|--|--|---|
| Noetic Pakistan (Private) Limited | Associated company by virtue of common directorship | Zakat received | - | 200,000 |
| Noetic Technologies (Private) Limited | Associated company by virtue of common directorship | Zakat received | - | 600,000 |
| Talha Izhar | Chief Executive | Zakat received | 2,860,000 | 1,500,000 |
| | | Donation received | - | 205,000 |
| Mahwish Binte Qayyum | Director | Donation received | - | 200,000 |
| Sheikh Izhar ul Haq | Director | Donation received | 800,000 | 280,000 |
| Sheikh Osama | Director | Donation received | - | 200,000 |

| July 01, 2019 to June 30, 2020 Number | May 03, 2019 to June 30, 2019 Number |
|--|---|
|--|---|

16 NUMBER OF EMPLOYEES

Total employees of the Company at the year end
Average employees of the Company during the year

| | |
|---|---|
| 5 | 8 |
| 6 | 4 |

17 IMPACT OF COVID-19

The spread of COVID-19 during the period, has had a material adverse effect on the economy. In this regard measures taken to combat the spread of the viruses have caused material economic downturn. Operation of Sheikh Siraj Foundation were not effected by this economic downturn. Sole purpose of the foundation is to provide support in terms of Education, Medication, Food and basic needs, so the operations of foundation were continued during the COVID-19 period.

18 DATE OF AUTHORIZATION FOR ISSUE

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

19 GENERAL

19.1 Figures have been rounded-off to the nearest rupee.

19.2 The company was incorporated on May 03, 2019 having year end on June 30, 2019, so the balances of one month and twenty nine days were reported as prior figures, while current year balances comprise of twelve months. Therefore, the financials statement figures are not comparable with previous period balances.

Answer

[Signature]
CHIEF EXECUTIVE



[Signature]
DIRECTOR