MOAWIN FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MOAWIN FOUNDATION
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Moawin Foundation** (The Foundation) which comprise the statement of financial position as at June 30, 2023, 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 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, the 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.

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.

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 accounts 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, the statement of comprehensive income, the statement of changes in funds 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 accounts and returns;
c) investments made, expenditures 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 auditor's report is Hassaan Riaz.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
November 03, 2023
UDIN: AR202310164vUf6sjy3R

MOAWIN FOUNDATION
(A Company set up under Section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	5	**5,181,570**	4,370,820
Right of use asset	6	**6,422,757**	-
Intangibles assets	7	-	10,416
Security deposits and prepayments	8	**2,352,500**	450,000
		13,956,827	4,831,236
CURRENT ASSETS			
Advances, prepayments and other receivable	9	**3,939,356**	2,014,385
Receivable from donor	12	-	3,049,254
Short term investments	10	**21,614,433**	10,401,877
Cash and bank balances	11	**106,188,985**	22,329,284
		131,742,774	37,794,800
TOTAL ASSETS		**145,699,601**	42,626,036
FUNDS AND LIABILITIES			
General funds - revenue reserve		**26,505,702**	8,696,962
Endowment fund - revenue reserve		**10,000,000**	10,000,000
		36,505,702	18,696,962
NON - CURRENT LIABILITIES			
Restricted funds:			
Restricted grants	12	**98,390,351**	20,301,397
Deferred capital grant	13	**3,448,696**	1,773,607
Lease liability	14	**2,751,085**	-
		104,590,132	22,075,004
CURRENT LIABILITIES			
Current portion of lease liability	14	**2,046,335**	-
Trade and other payables	15	**2,557,432**	1,854,070
TOTAL FUNDS AND LIABILITIES		**145,699,601**	42,626,036
Contingencies and commitments	16		

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOAWIN FOUNDATION

(A Company set up under Section 42 of the Companies Act, 2017)

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
INCOME			
Income recognized from restricted grant	12	**292,211,450**	207,593,075
Amortization of deferred capital grant	13	**1,092,476**	594,525
Donations	17	**27,466,431**	16,611,974
Other income	18	**27,105,097**	1,200,112
		347,875,454	225,999,686
EXPENDITURE			
Program expenses	19	**(320,124,507)**	(214,320,989)
Administrative expenses	20	**(9,904,198)**	(9,682,684)
Interest on lease liability	14	**(38,009)**	-
		(330,066,714)	(224,003,673)
Surplus before taxation		**17,808,740**	1,996,013
Taxation		**-**	-
Surplus after taxation		**17,808,740**	1,996,013

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOAWIN FOUNDATION

(A Company set up under Section 42 of the Companies Act, 2017)

STATEMENT OF COMPREHNESIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Surplus after taxation	**17,808,740**	1,996,013
Other comprehensive income	**-**	-
Total comprehensive income	**17,808,740**	1,996,013

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOAWIN FOUNDATION

(A Company set up under Section 42 of the Companies Act, 2017)

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Endowment Funds (Rupees)	General Funds (Rupees)	Total (Rupees)
Balance as at July 01, 2021	-	16,700,949	16,700,949
Transferred to endowment fund	**10,000,000**	**(10,000,000)**	-
Deficit for the year	-	1,996,013	1,996,013
Balance as at June 30, 2022	**10,000,000**	**8,696,962**	**18,696,962**
Balance as at July 01, 2022	**10,000,000**	**8,696,962**	**18,696,962**
Surplus for the year	**-**	**17,808,740**	**17,808,740**
Balance as at June 30, 2023	**10,000,000**	**26,505,702**	**36,505,702**

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

MOAWIN FOUNDATION

(A Company set up under Section 42 of the Companies Act, 2017)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Surplus for the year		**17,808,740**	1,996,013
Adjustments for non cash items:			
Depreciation	5	**2,093,469**	1,400,236
Income recognized from restricted grant	12	**(292,211,450)**	(207,593,075)
Implementation, record maintenance and service cost	18	**(21,616,644)**	-
Amortization of deferred capital grant	13	**(1,092,476)**	(594,525)
Interest on lease liability	14	**38,009**	-
Amortization	7	**10,416**	18,600
		(312,778,676)	(206,768,764)
Effect on cash flow due to working capital changes			
Increase in advances, deposits and other receivables	9	**(3,327,471)**	(1,671,713)
Increase in trade and other payables	15	**703,362**	(217,866)
		(2,624,109)	(1,889,579)
Net cash used in operating activities		**(297,594,045)**	(206,662,330)
Cash flows from investing activities			
Addition to property and equipment	5	**(2,767,565)**	(1,533,477)
Increase in short term investments	10	**(2,323,011)**	(14,151)
Security deposits and prepayments	8	**(500,000)**	(300,000)
Net cash used in investing activities		**(5,590,576)**	(1,847,628)
Cash flows from financing activities			
Restricted funds received	12	**397,733,867**	192,955,461
Repayment of lease liability	14	**(1,800,000)**	-
Net cash generated from financing activities		**395,933,867**	192,955,461
Increase/ (decrease) in cash and cash equivalents during the year		**92,749,246**	(15,554,497)
Cash and cash equivalents at the beginning of the year		**22,329,284**	37,883,781
Cash and cash equivalents at the end of the year	11.2	**115,078,530**	22,329,284

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Moawin Foundation ("the Foundation") is a Not for Profit Foundation / organization limited by guarantee incorporated in Pakistan on October 23, 2014 under section 42 of the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The Registered office of the Foundation is situated at House No. B-9, Navy Housing Scheme, F-11/1, Islamabad. The objective of the Foundation is to improve standard of education/training at government schools and to employ good teachers, train them and make them teach well and arrange vocational trainings for boys and girls in rural areas of Pakistan.

Foundation is certified from Pakistan Centre for Philanthropy (PCP), a certifying body for all local and international NGOs having certification No. PCP-R1/2023/811, having validity till January 16, 2026.

Foundation is registered with Economic Affairs Division, Government of Pakistan and Memorandum of Understanding (MoU) has been signed on September 21, 2020 having validity up to September 21, 2024.

2 BASIS FOR 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 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 (the Act);
- Accounting Standards' for Not for Profit Organizations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan; 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 for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Foundation adopted IFRS in preparing its financial statements for the year ended June 30, 2023. The date of transition to IFRS is July 01, 2022. The transition does not have any impact on the Foundation's prior period's financial reporting except certain additional disclosures.

2.2 Basis for measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (PKR) which is the Foundation's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Pakistan Rupees (PKR), unless otherwise stated.

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Useful life and residual values of property and equipment; and
b) Amortization of deferred capital grant.

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

3.1 Amendments and interpretations to accounting and reporting standards that became effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 1, 2022 but does not have any significant impact on the Foundation's financial reporting and therefore, have not been disclosed in these financial statements.

3.1.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Foundation

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Foundation for the financial year beginning on July 1, 2022. This standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them below:

		Effective date (annual periods beginning on or after)
IFRS 17	Insurance contracts - Remeasurement of the estimates in each reporting period	January 1, 2023
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 1, 2023
	Amendments to 'IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	January 1, 2023
IAS 8	Amendments to "Accounting Policies, Changes in Accounting Estimates and Errors" Definition of accounting estimates	January 1, 2023
IAS 12	Amendments to "Income Taxes" Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
	International Tax Reform — Pillar Two Model Rules - Amendments	
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' Non-current Liabilities with Covenants	January 1, 2024
IFRS 16	Amendments to IFRS 16 "Leases" Lease Liability in a Sale and Leaseback	January 1, 2024
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – Amendments	n/a*

* The effective date is not yet issued

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan

IFRS 1	First time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except free-hold land and capital work in progress which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost of self-constructed assets includes the cost of material and direct labor and other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When major components of an item of property and equipment have different useful lives, these are accounted for as separate items of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. Carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to statement of income and expenditure during the financial period in which they are incurred.

Gains and losses, if any, on disposal of property and equipment are taken to the statement of income and expenditure.

Depreciation is charged to statement of income and expenditure applying the straight line method at the rates specified in the note 04. Depreciation on addition to property and equipment is charged from the month in which an item is put to use while no depreciation is charged for the month in which the item is derecognized / disposed off.

4.2 Right-of-use assets and their related lease liability

4.2.1 Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.2.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Foundation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. Remeasurements of lease liabilities only occur in cases where the terms of the lease are changed during the lease tenor. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the income and expenditure statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.3 Intangible assets

The cost of acquisition, development and installation of identifiable software products having finite useful lives of more than one year is recognized as an intangible asset at cost and are amortized on a straight line basis. Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment losses, if any. The rate of amortization is specified in note 07.

4.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balance with banks on current, deposit and savings accounts and short term investments with original maturities of three months or less.

4.5 Deferred capital grant

Restricted funds utilized for capital expenditure are transferred from the Fund balance (restricted) and accounted for as a deferred capital grant. An amount equal to the charge for depreciation and amortization for the year, on property and equipment acquired, is then recognized in the income and expenditure statement.

4.6 General fund

Contributions made by the members of the Foundation and donors, without any specific purpose or activity, are classified as unrestricted general funds. Accordingly, any income generated and expenses incurred with respect to normal operations of the Foundation, which are not related to Specific funds/activities, are charged to the statement of income and expenditure.

4.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

4.8 Provisions

Provisions are recognized when the Foundation has a present legal or constructive obligation as a result of past events and 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 at each balance sheet date and adjusted to reflect current best estimate.

A contingent liability is disclosed when the Foundation has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Foundation; or the Foundation has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.9 Staff benefits

4.9.1 Voluntary pension scheme

The Foundation operates a voluntary pension scheme for employees effective October 2022 who have completed the minimum qualifying period of service i.e. two years of service as per rules/policy to the Foundation.

4.10 Grants

Funds received directly for specific purposes, are classified as grants. Funds provided or utilized for the purchase of capital items from grants are shown in the statement of financial position as deferred capital grant and a portion of the grant is recognized as income in the statement of income and expenditure to match the depreciation and amortization recognized during the year on the related capital items. Grants utilized for operations are credited to the statement of income and expenditure to the extent of related actual operating expenses. Committed grant is accrued in case where it is probable that the economic benefits of such grant will flow to the Foundation.

4.11 Income

Income is recognized to the extent it is probable that the economic benefits will flow to the Foundation and the income can be measured reliably. Income is measured at the fair value of the consideration received or receivable and is recognized on the following basis:

- Donations related to specific projects are deferred and recognized as income on a systematic basis to match them with the related costs that they are intended to compensate.
- Donations related to operating fixed assets received are recognized as deferred capital grant and amortized over the useful lives of assets from the date the asset is available for intended use.
- Donation other than those related to specific projects and operating fixed assets are recognized as income on receipt.
- Income on investment is recognized on time proportion basis taking into account the implicit rate of return on investments.
- Income on savings bank accounts is recognized on accrual basis.
- Income from other sources is recorded on receipt basis.

4.12 Taxation

4.12.1 Current

The Foundation has been granted approval as a non-profit organization under section 2(36) of the Income Tax Ordinance, 2001 by the Commissioner of Income Tax. Therefore, the Foundation is entitled to one hundred precent tax credit of the tax payable, under section 100C of the Income Tax Ordinance, 2001. Therefore, no provision for income tax has been accounted for in these financial statements.

4.12.2 Deferred

The Foundation being registered under section 42 of the repealed Companies Ordinance, 1984, as a non profit Foundation. Accordingly, the income of the Foundation is subject to 100% tax credit as per section 100C of Income Tax Ordinance, 2001. Therefore, no tax expense or deferred tax expense is recognized in these Financial Statements.

4.13 Foreign currency transactions and translation

The financial statements are presented in Pakistan Rupees which is the Foundation's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and expenditure.

4.14 Endowment Fund

Foundation has a received a supplementary grant of Rs. 10 million as financial assistance from Government of Pakistan vide grant release letter dated March 13, 2015 against committed financial assistance of Rs. 50 million vide letter # 2781/m/8PM/2014 dated: October 02, 2014. Funds from the grant has been invested in a term deposit receipt (TDR) with Bank Al Habib and the profit from TDR is being accumulated in general reserve. The Board of directors of the Foundation in its 34th meeting dated: January 25, 2022 decided to establish an endowment fund (the fund) and transferred Rs. 10 million from general fund to the fund with decision not to use the principal amount and to ensure that the fund does not deplete over time. The Board also decided to retain the profit from investment to general fund up to June 30, 2023. Board may review the general fund/ profits on investments at each subsequent year end and decide if any amount may be transferred to endowment fund.

4.15 Financial instruments

Financial assets and financial liabilities are recognized in the Foundation's statement of financial position when the Foundation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the income and expenditure statement.

4.15.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets:</u>

(i) Debt instruments designated at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

Amortized cost and effective interest rate method:

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Foundation recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in income and expenditure statement and is included in the "finance income - interest income" line item.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Foundation may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to income and expenditure statement on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in income and expenditure.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Foundation designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost Criteria or the FVTOCI Criteria are classified as at FVTPL. in addition, Debt instruments that meet either the amortized cost Criteria or the FVTOCI Criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or Liabilities or recognizing the gains and Losses on them on different bases. the Foundation has not designated any Debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in income and expenditure statement.

Impairment of financial assets:

The Foundation recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Foundation always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Foundation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Foundation recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Foundation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Foundation compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Foundation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Foundation's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Foundation's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument,
e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Foundation presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Foundation has reasonable and supportable information that demonstrates otherwise.

(ii) Definition of default:

The Foundation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Foundation, in full (without taking into account any collateral held by the Foundation).

Irrespective of the above analysis, the Foundation considers that default has occurred when a financial asset is more than 360 days past due unless the Foundation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy:

The Foundation writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Foundation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in income and expenditure statement.

(v) Measurement and recognition of expected credit losses:

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Foundation's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Foundation in accordance with the contract and all the cash flows that the Foundation expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Foundation is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Foundation expects to receive from the holder, the debtor or any other party.

If the Foundation has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Foundation measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Foundation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(vi) Derecognition of financial assets:

The Foundation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Foundation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Foundation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Foundation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Foundation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in income and expenditure statement. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to income and expenditure statement. In contrast, on derecognition of an investment in equity instrument which the Foundation has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to income and expenditure statement, but

4.15.2 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of income and expenditure to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the income and expenditure statement incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch income and expenditure statement. The remaining amount of change in the fair value of liability is recognized in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to income and expenditure statement; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Foundation that are designated by the Foundation as at FVTPL are recognized in income and expenditure statement.

(ii) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities:

The Foundation derecognizes financial liabilities when, and only when, the Foundation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in income and expenditure statement.

4.15.3 Non-financial assets

The carrying amounts of the Foundation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income and expenditure statement.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less cost to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in the prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability; or

ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Foundation. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Foundation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Interim Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Interim Financial Statements at fair value on a recurring basis, the Foundation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Foundation's General Manager Finance determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Foundation determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. The Foundation does not measure any of its assets or liabilities at fair value.

5 PROPERTY AND EQUIPMENT

Particulars	Freehold Land (4.2)	Computer & Accessories	Furniture & Fixtures	Office Equipment	Total
	.....	.....	Rupees	.....	.....
Cost					
Balance as at July 01, 2021	1,836,000	1,500,371	1,270,406	1,148,550	5,755,327
Additions	-	315,369	981,108	237,000	1,533,477
Balance as at June 30, 2022	1,836,000	1,815,740	2,251,514	1,385,550	7,288,804
Balance as at July 01, 2022	**1,836,000**	**1,815,740**	**2,251,514**	**1,385,550**	**7,288,804**
Additions	**-**	**2,070,565**	**-**	**697,000**	**2,767,565**
Balance as at June 30, 2023	**1,836,000**	**3,886,305**	**2,251,514**	**2,082,550**	**10,056,369**
Accumulated Depreciation					
Balance as at July 01, 2021	-	684,801	344,693	488,254	1,517,748
Charge for the year	-	551,399	413,699	435,138	1,400,236
Balance as at June 30, 2022	-	1,236,200	758,392	923,392	2,917,984
Balance as at July 01, 2022	**-**	**1,236,200**	**758,392**	**923,392**	**2,917,984**
Charge for the year	**-**	944,372	450,326	562,117	**1,956,815**
Balance as at June 30, 2023	**-**	**2,180,572**	**1,208,718**	**1,485,509**	**4,874,799**
Carrying value as at June 30, 2022	1,836,000	579,540	1,493,122	462,158	4,370,820
Carrying value as at June 30, 2023	**1,836,000**	**1,705,733**	**1,042,796**	**597,041**	**5,181,570**
Annual rate of depreciation		**33%**	**20%**	**33%**	

5.1 Allocation of depreciation

	2023	2022
	Rupees	
Program expenses - Gilgit Baltistan project	-	1,205,046
Administrative expenses	**1,956,815**	195,190
Total	**1,956,815**	1,400,236

5.2 The Foundation under an agreement dated June 10, 2015 with Punjab Vocational Training Council, Government of Punjab, has provided its land located at village Mahmunwali, District Sheikhupura for establishment of Vocational Training Institute (VTI) free of charge for a period of 33 years. Under an agreement between Moawin Foundation (MF) and Punjab Vocational Training Council (PVTC), Government of Punjab, a Vocational Training Institute (VTI) was built in Mahmunwali, Sheikhupura through a grant amounting to Rs. 34.182 million provided by the Government of Punjab. The VTI now run under the management of PVTC with support and intervention of MF.

		2023 Rupees	2022 Rupees
6	**RIGHT OF USE (ROU) ASSET**		
	Opening balance	-	-
	Additions during the year	**6,559,411**	-
	Depreciation charged during the year	**(136,654)**	-
	Net book value at June 30	**6,422,757**	-
	Depreciation period	**2 years**	-

6.1 This represents right to use the office premises obtained under rental agreement for Foundation's head office. Depreciation expense charged to right of use asset has been charged to administrative expenses in note 20.

		Note	2023 Rupees	2022 Rupees
7	**INTANGIBLE ASSETS**			
	Cost			
	Opening balance		**93,000**	93,000
	Additions		-	-
	Disposal		-	-
	Closing balance		**93,000**	93,000
	Accumulated amortization			
	Opening balance		**82,584**	63,984
	Charge for the year		**10,416**	18,600
	Closing balance		**93,000**	82,584
	Net book value	**7.1**	-	10,416

7.1 This represents net book value of accounting software. Amortization is charged at the rate of 20% (2022: 20%) per annum.

		Note	2023 Rupees	2022 Rupees
8	**SECURITY DEPOSITS AND PREPAYMENTS**			
	Security deposits - rental premises		**800,000**	300,000
	Prepaid rent	**8.1.1**	**1,552,500**	150,000
			2,352,500	450,000
8.1	**Prepaid rent**			
	Opening balance		**610,000**	-
	Additions during the year		**2,687,500**	610,000
	Adjustment during the year		**717,500**	-
	Closing balance	**8.1.1**	**2,580,000**	610,000
8.1.1	**Classification**			
	Current portion		**1,027,500**	460,000
	Long term portion		**1,552,500**	150,000
			2,580,000	610,000

8.1.2 Security deposit and prepaid rent pertained to field offices at Gadap Town and Gulshan-e-Jamali, Karachi.

		Note	2023 Rupees	2022 Rupees
9	**ADVANCES, PREPAYMENTS AND OTHER RECIEVABLE**			
	Advances to employees against expenses		**2,033,190**	644,817
	Advance to employee against salary		**45,000**	-
	Advances to vendors		**750,000**	909,568
	Prepaid rent - current portion	**8.1.1**	**1,027,500**	460,000
	Other receivable		**83,666**	-
			3,939,356	2,014,385

		Note	2023 Rupees	2022 Rupees
10	**SHORT TERM INVESTMENTS**			
	Term deposit receipts (TDRs)	**10.1**	**20,232,807**	10,000,000
	Accrued mark-up on TDRs		**1,381,626**	401,877
			21,614,433	10,401,877

10.1 Term Deposit Receipts (TDRs) of 3 to 12 months maturity (2022: 12 months) with a yield of 14.60% to 19.25% (2022: 6.35%) per annum receivable upon maturity.

		Note	2023 Rupees	2022 Rupees
11	**CASH AND BANK BALANCES**			
	Cash in hand		**980,197**	1,219,243
	Balance at banks:			
	- In current account - local currency		**24,810,979**	17,472,259
	- In saving accounts - local currency	**11.1**	**80,397,809**	3,637,782
			105,208,788	21,110,041
			106,188,985	22,329,284

11.1 Saving accounts carry interest ranging from 5.5% to 12.5% (2022: 5.5%) per annum.

		2023	2022
11.2	**Cash and cash equivalents**		
	Short term investments	**8,889,545**	-
	Cash and bank balances	**106,188,985**	22,329,284
		115,078,530	22,329,284

12 RESTRICTED GRANTS

	Note	Alight Pakistan	Central Asian Institute (CAI)	IHHNL	Icare Foundation	Sindh Education Foundation	Total
		12.1	12.2, 12.3 & 12.4	12.5	12.6	12.7	
		Rupees					
Opening balance as at June 30, 2021		1,551,336	-	2,830,398	29,041,500	-	33,423,234
Receipts for the year		68,103,099	-	86,316,380	29,427,982	9,108,000	192,955,461
Funds available for use		69,654,435	-	89,146,778	58,469,482	9,108,000	226,378,695
Funds utilized		(71,170,212)	-	(78,589,315)	(51,141,511)	(6,692,037)	(207,593,075)
Transferred to deferred capital grant		(1,533,477)	-	-	-	-	(1,533,477)
Closing balance as at June 30, 2022		(3,049,254)	-	10,557,463	7,327,971	2,415,963	17,252,143
Restricted grant as at June 30, 2023		-	-	10,557,463	7,327,971	2,415,963	20,301,397
Receivable from donor as at June 30, 2023		3,049,254	-	-	-	-	3,049,254
		(3,049,254)	-	10,557,463	7,327,971	2,415,963	17,252,143
Opening balance as at June 30, 2022		**(3,049,254)**	**-**	**10,557,463**	**7,327,971**	**2,415,963**	**17,252,143**
Receipts for the year		**30,965,580**	**165,294,171**	**129,850,057**	**22,573,059**	**49,051,000**	**397,733,867**
Funds available for use		**27,916,326**	**165,294,171**	**140,407,520**	**29,901,030**	**51,466,963**	**414,986,010**
Funds utilized		**(27,187,326)**	**(91,997,752)**	**(108,363,878)**	**(29,897,537)**	**(34,764,957)**	**(292,211,450)**
Transferred to deferred capital grant		**(729,000)**	**(1,778,881)**	**-**	**-**	**(259,684)**	**(2,767,565)**
Implementation, record maintenance and service cost		**-**	**-**	**(21,616,644)**	**-**	**-**	**(21,616,644)**
Closing balance as at June 30, 2023		**-**	**71,517,538**	**10,426,998**	**3,493**	**16,442,322**	**98,390,351**
Restricted grant as at June 30, 2023		**-**	**71,517,538**	**10,426,998**	**3,493**	**16,442,322**	**98,390,351**
Receivable from donor as at June 30, 2023		**-**	**-**	**-**	**-**	**-**	**-**
		-	**71,517,538**	**10,426,998**	**3,493**	**16,442,322**	**98,390,351**

12.1 Moawin Foundation (MF) and Alight Pakistan signed subgrant agreement on May 23, 2022 for the period from October 1, 202 till September 30, 2022 for the project titled "GAAMZAN Phase 3" which stands completed at September 30, 2022.

12.2 Moawin Foundation (MF) and Central Asian Institute signed an agreement on September 27, 2022 for the period from October 1, 2022 till September 30, 2023 for the project titled "Improving Quality of Education and Empowering Communities in Gilgit-Baltistan".

12.3 This includes Rs. 8,889,545 received during the current year from Alight Pakistan to be used for construction, etc of Chapurson College, Hunza under CAI project. The utilization of the funds is on hold till further instructions from CAI.

12.4 Moawin Foundation has received Rs. 165.2 million (2022: Rs. 68.1 million) grants from Central Asian Institute for the projects vide agreement dated September 27, 2022 for the period from October 01, 2022 to September 30, 2023. The Foundation has utilized funds amounting to Rs. 94.1 million (2022: Rs. 71.8 million) for these projects leaving a balance of Rs. 69.4 million (2022: Rs. (3.1) million).

12.5 MF in collaboration with Stitching International Humanitarian Hulporganisatie Nederlands (IHHNL) has executed projects including meat distribution, installation of water pumps, flood relief program and orphan gift distribution under memorandum of understanding (MoU) signed on October 01, 2020. For each activity proposals are submitted by IHHNL containing project description and milestones against which project execution are made.

12.6 Moawin Foundation (MF) and i-Care Foundation Pakistan (ICFP) are collaborating in the areas including schools and vocational training center under an agreement effective for the period from September 23, 2021 till September 22, 2024.

12.7 MF in collaboration of Sindh Education Foundation (SEF) is imparting education under projects titled as "Foundation Assisted Schools" and "Peoples School Program" through agreements executed on June 30, 2021 and July 19, 2022 respectively.

13 DEFERRED CAPITAL GRANT

	2023 Rupees	2022 Rupees
Balance at the beginning of the year	**1,773,607**	834,655
Additions during the year	**2,767,565**	1,533,477
Amortization	**(1,092,476)**	(594,525)
Balance at end of the year	**3,448,696**	1,773,607

14 LEASE LIABILITY

	2023	2022
Opening balance	**-**	-
Add: Addition during the year	**6,559,411**	-
Interest expense	**38,009**	-
Less: Lease payments	**(1,800,000)**	-
Closing balance	**4,797,420**	-
Less: Current lease liabilities	**2,046,335**	-
Non-current liabilities	**2,751,085**	-

14.1 Future minimum lease payments as at June 30, 2023 are as follows:

	1 Year	2 - 5 Years	Total
	---Rupees---		
Lease payments	2,700,000	3,060,000	5,760,000
Finance cost	(653,665)	(308,915)	(962,580)
Net present value	2,046,335	2,751,085	4,797,420

15 TRADE AND OTHER PAYABLES

	Note	2023 Rupees	2022 Rupees
Accrued liabilities		**1,670,502**	1,052,967
EOBI payable		**41,075**	7,225
Voluntary pension scheme payable	15.1	**393,839**	-
Withholding tax payable		**452,016**	793,878
		2,557,432	1,854,070

15.1 This represents payable on account of Foundation's contributions in employees voluntary pension scheme being managed by Meezan Tahfuzz Pension Fund (MTPF).

16 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as of the reporting date (2022: Nil).

MOAWIN FOUNDATION
(A Company set up under Section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

17 DONATIONS

This represent unrestricted donations received from individuals and institutional donors.

18 OTHER INCOME

	Note	2023 Rupees	2022 Rupees
From financial assets			
- Profit on term deposit receipt	10.1	**1,613,010**	624,151
- Profit on bank saving accounts	11.1	**3,875,443**	575,961
From non-financial assets			
- Implementation, record maintenance and service cost	18.1	**21,616,644**	-
		27,105,097	1,200,112

18.1 This represents 10% of the total amount received from IHHNL projects.

19 PROGRAM EXPENSES

	Note	2023 Rupees	2022 Rupees
Sheikhupura	19.1	**17,568,222**	5,467,007
Ali Pur, ICT	19.2	**1,205,447**	2,189,221
Gilgit Baltistan	19.3	**122,496,941**	66,817,805
IHNNL projects	19.4	**108,363,878**	78,589,315
Pind Dadan Khan	19.5	**2,022,814**	273,980
Sindh Education Foundation	19.6	**34,764,957**	6,692,037
Icare Foundation	19.7	**29,897,537**	51,141,511
Miran Shah	19.8	**1,367,645**	3,150,113
Solar Water Project		**563,046**	-
Flood relief		**427,296**	-
Baba Island		**1,406,724**	-
NHS Program		**40,000**	-
		320,124,507	214,320,989

19.1 SHEIKHUPURA

	Note	2023 Rupees	2022 Rupees
Salaries and benefits		**5,051,221**	1,413,025
Schools' repair and maintenance		**249,510**	147,000
School supplies		**4,632,052**	-
Utilities		**98,117**	-
Printing and stationery		**23,500**	-
Boarding and lodging		**-**	10,500
Rozgar center	**19.1.1**	**4,794,122**	2,715,512
Stitching center		**2,719,700**	1,180,970
		17,568,222	5,467,007

19.1.1 Rozgar center includes supervisor salaries, stipend, repair and maintenance and other program expenses.

19.2 ALI PUR, ICT

	2023 Rupees	2022 Rupees
Salaries and benefits	**778,000**	19,125
School supplies	**254,678**	1,665,719
Travelling and fuel charges	**140,376**	151,537
Entertainment and refreshment	**15,500**	1,740
Printing and stationery	**16,893**	-
Events and workshops	**-**	14,400
Office supplies	**-**	336,700
	1,205,447	2,189,221

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19.3	**GILGIT BALTISTAN (CENTRAL ASIAN INSTITUTE AND ALIGHT PAKISTAN)**		**2023 Rupees**	2022 Rupees
	Salaries and benefits		**64,620,964**	46,736,154
	School supplies		**21,444,098**	4,226,009
	Schools' repair and maintenance		**6,199,441**	-
	Utilities		**1,249,127**	605,785
	Printing and stationery		**2,807,264**	273,856
	Rent		**5,456,658**	2,764,089
	Postage and communication		**50,247**	48,718
	Entertainment and refreshment		**128,955**	251,641
	Legal and professional fee		**167,515**	170,741
	Boarding and lodging		**1,087,957**	592,201
	Depreciation		**-**	1,205,046
	Repair and maintenance		**38,500**	-
	Teachers training		**4,429,445**	2,304,076
	Events and workshops		**2,407,894**	-
	Advocacy and branding		**2,139,940**	743,023
	Travelling and fuel charges		**6,796,341**	5,808,189
	Bank charges		**31,975**	22,247
	Office supplies		**1,242,955**	836,030
	Auditor's remuneration	19.3.1	**300,000**	230,000
	Flood relief		**1,897,665**	-
		19.3.2	**122,496,941**	66,817,805

19.3.1	**AUDITOR'S REMUNERATION**		
	Statutory audit fee	**230,000**	170,000
	Out of pocket expenses	**70,000**	60,000
		300,000	230,000

19.3.2 This includes Rs. 3,311,863 (2022: Nil) that is borne by Foundation and charged to Foundation's pool funds.

19.4	**STITCHING INTERNATIONAL HUMANITARIAN HULPORGANISATIE NEDERLANDS (IHHNL) PROJECTS**	**2023 Rupees**	2022 Rupees
	Meat distribution	**22,051,260**	11,540,007
	Water pumps project	**54,073,712**	48,424,350
	Food distribution	**20,030,700**	10,961,908
	Iftar dinner	**1,317,500**	1,760,000
	Orphan support	**3,468,740**	1,841,050
	Surgery support	**3,802,600**	2,367,500
	Flood relief	**3,051,660**	1,694,500
	Advocacy and branding	**53,480**	-
	Traveling and fuel charges	**514,226**	-
		108,363,878	78,589,315

19.5	**PIND DADAN KHAN**		
	Salaries and benefits	**1,826,434**	224,980
	Teachers training and refreshers	**188,780**	-
	Boarding and lodging	**7,600**	49,000
		2,022,814	273,980

		2023 Rupees	2022 Rupees
19.6	**SINDH EDUCATION FOUNDATION**		
	Salaries and benefits	**16,153,076**	3,480,122
	School supplies	**10,003,175**	186,800
	Teachers training and refreshers	**172,410**	44,166
	Events training and workshops	**192,868**	54,000
	Teachers and students conveyance	**21,000**	174,524
	School repair and maintenance	**949,500**	113,060
	Advocacy and branding	**81,315**	
	Rent	**1,696,826**	934,000
	Utilities	**2,312,090**	507,200
	Office supplies	**177,296**	108,325
	Refreshments	**22,967**	4,000
	Traveling and fuel charges	**2,002,216**	307,106
	Printing and stationery	**346,388**	96,144
	Postage and courier	**1,485**	1,240
	Legal and professional fee	**49,000**	225,150
	Boarding and lodging	**159,200**	456,200
	Securities	**402,670**	-
	Bank charges	**21,475**	-
		34,764,957	6,692,037
19.7	**ICARE FOUNDATION**		
	Salaries and benefits	**7,105,830**	6,391,133
	School supplies	**8,812,112**	43,204,257
	Teachers training and refreshers	**-**	194,815
	Events training and workshops	**576,821**	16,000
	Teachers and students conveyance	**1,059,280**	623,620
	School repair and maintenance	**1,111,444**	188,260
	Office supplies	**169,870**	170,045
	Refreshments	**84,888**	213,790
	Traveling and fuel charges	**115,525**	79,362
	Printing and stationery	**346,200**	23,530
	Postage and courier	**900**	8,499
	Boarding and lodging	**-**	28,200
	VTI Supplies	**649,935**	-
	Qurbani project	**100,000**	-
	Flood relief	**9,724,612**	-
	Preliminary charges	**40,120**	-
		29,897,537	**51,141,511**
19.8	**MIRAN SHAH**		
	Salaries and benefits	**706,500**	532,500
	School supplies	**528,650**	2,575,853
	Refreshments	**-**	3,790
	Traveling and fuel charges	**14,005**	36,470
	Printing and stationery	**118,490**	1,500
		1,367,645	3,150,113

20	ADMINISTRATIVE EXPENSES	Note	2023 Rupees	2022 Rupees
	Salaries and benefits		**4,638,868**	8,624,611
	Depreciation	5 & 6	**2,093,469**	195,190
	Amortization	7	**10,416**	18,600
	Rent		**-**	200,000
	Traveling and fuel charges		**1,158,071**	-
	Legal and professional fee		**765,150**	22,318
	Sale tax expense		**795,243**	-
	Advocacy and branding		**311,066**	-
	Bank charges		**11,238**	30,916
	Fund raising activity		**15,000**	502,507
	Miscellaneous		**105,677**	88,542
			9,904,198	9,682,684

21 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

No remuneration was payable to the directors of the Foundation during the year.

	Chief Executive		Directors		Executives	
	2023	2022	**2023**	2022	**2023**	2022
	----------(Rupees)----------					
Remuneration	**3,961,299**	4,272,204	-	-	**6,116,068**	6,990,300
Number of persons	**1**	1	-	-	**3**	5

22 FINANCIAL RISK MANAGEMENT

The Foundation has exposure to the following risks from its use of financial instruments:
Credit risk
Liquidity
Market risk

This note presents information about the Foundation's exposure to each of the above risks, the Foundation's objectives, policies and processes for measuring and managing risk and the Foundation's management of capital. Further quantitative disclosures are included throughout these financial

The Management has overall responsibility for the establishment and oversight of the Foundation's risk management framework and policies.

The Foundation's risk management policies are established to identify and analyze the risks faced by the Foundation, 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. The Foundation through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the MF's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the MF.

22.1 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. The Foundation is also exposed to credit risk from its operating and short term investing activities. The Foundation's credit risk exposures are categorized under the following headings:

22.1.1 Counterparties

The Foundation conducts transactions with the following major types of counterparties:

Donor institutions/ companies

The MF where required establishes an allowance for impairment that represents its estimate of losses in respect of receivables from donors. This allowance is based on the management's assessment of a specific loss component that relates to individually significant exposures.

Deposits

The Foundation exposure to credit risk from deposits is limited as it is extended to the deposit that pertains to landlords of office buildings. Given the nature of balances and relationship with counterparties, management does not expect any counterparty to fail to meet its obligations.

Security deposits given to various institutions/ persons and are generally refundable on termination of relevant services/arrangements.

Bank balances and short term investments

The Foundation limits its exposure to credit risk by maintaining bank accounts and term deposit receipts only with counterparties that have high credit ratings and therefore management does not expect any counterparty to fail to meet its obligations.

22.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
	------ (Rupees) ------	
Security deposits	**800,000**	300,000
Advances and other receivable	**128,666**	-
Receivable from donor	**-**	3,049,254
Short term investment	**21,614,433**	10,401,877
Bank balances	**105,208,788**	21,110,041
	393,438,050	263,599,565

22.2 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 risking damage to the Foundation's reputation.

Following is the maturity analysis of financial liabilities:

	Carrying amount	**Six months or less**	**Six to twelve months**	**Above twelve months**
		------------- (Rupees) -------------		
2023				
Trade and other payables	**2,064,341**	**2,064,341**	**-**	**-**
2022				
Trade and other payables	1,052,967	1,052,967	-	-

The maturity analysis of lease liability is reflected in note 14.

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22.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, mark up rates and equity prices will affect the Foundation's income or the value of its holdings of financial instruments. The Foundation is not exposed to currency and mark up rate risk.

22.4 Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. Foundation is not exposed to foreign currency risk as there is no transactions and balances in foreign currency. Donations from outside the country are directly received in Pak Rupee accounts of the Foundation.

22.5 Mark up rate risk

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 the market interest rates. Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date.

Fair value sensitivity analysis for fixed rate instruments

Foundation does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not effect statement of income and expenditure except mark-up on bank balances in saving accounts and on term deposit receipts.

23 FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2023		2022	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
	-----Rupees-----			
Assets carried at amortized cost				
Short term investments - at amortized cost	**21,614,433**	**21,614,433**	10,401,877	10,401,877
Deposits	**800,000**	**800,000**	-	-
Bank balances	**105,208,788**	**105,208,788**	21,110,041	21,110,041
Advances and other receivable	**128,666**	**128,666**	-	-
Receivable from donor	**-**	**-**	3,049,254	3,049,254
	127,751,887	127,751,887	34,561,172	34,561,172
Liabilities carried at amortized cost				
Lease liability	**4,797,420**	**4,797,420**	-	-
Trade and other payables	**2,064,341**	**2,064,341**	1,052,967	1,052,967

24 FUND MANAGEMENT

Foundation's objective when managing fund is to safe guard Foundation's ability to continue as a going concern so that it can achieve its objectives, provide benefits to other stakeholders and to maintain a strong fund base to support the sustained development of its activities in line with its objects.

MOAWIN FOUNDATION

(A Company set up under Section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

25	NUMBER OF EMPLOYEES	**Numbers**	Numbers
	Permanent staff		
	Number of employees at year end	**31**	19
	Average number of employees	**29**	25
	Project staff		
	Number of employees at year end	**389**	287
	Average number of employees	**371**	248

26 TRANSACTION WITH RELATED PARTIES

Related parties comprise of members and directors of the Foundation including their close family members. Remuneration to key management personnel is disclosed in note 21. Transactions with related parties during the year, not disclosed in respective notes, are as under:

Name of Related Party	Relationship	Transaction during the year and year end balances	2023 (Rupees)	2022 (Rupees)
Mr. Hasan Sandila	Family Member-Chairman of	Donation received	**25,000**	-
Mr. Asif Sandila	Chairman of the Board	Donation received	**225,000**	50,000
Mr. Imran Sandila	Family Member-Chairman of	Donation received	**-**	120,000

27 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors in it's meeting held on October 30, 2023.

28 GENERAL

28.1 Figures in these financial statements have been rounded off to the nearest Rupee.

28.2 The comparative figures have been rearranged/reclassified, wherever necessary, for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR