

INDEPENDENT AUDITOR'S REPORT

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To the members of Zaman Foundation

Report on the Audit of the Financial Statements

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Opinion

We have audited the annexed financial statements of **Zaman Foundation** (*A company registered under section 42 of the Companies Act, 2017*), which comprise the statement of financial position as at **June 30, 2024**, and statement of income and expenditure, the statement of changes in funds, the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure, 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 Company's affairs as at **June 30, 2024** and of the deficit, the changes in funds and its cash flows for the period 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 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 Auditor's Report Thereon

Management is responsible for other information. The other information comprises the Directors' Report, but does not include the financial statements and our auditor's 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.

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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 are responsible for overseeing the Company'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 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.

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- 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, statement of income and expenditure, 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 account and returns;
- c) investments made, expenditure incurred and guarantees extended during the period 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 Imran Afzal.


Chartered Accountants

Lahore.

Dated: October 15, 2024

UDIN: AR202410212ffmlcSPNj

ZAMAN FOUNDATION


(A company setup under section 42 of the Companies Act, 2013)

Statement of financial position**As at 30 June 2024**

	Note	2024 Rupees
ASSETS		
Cash and bank balances	5	-
Total assets		-
FUNDS AND LIABILITIES		
General fund		(880,585)
		(880,585)
Current liabilities		
Other payables	6	880,585
Total current liabilities		880,585
Total fund and liabilities		-
Contingencies and Commitments	7	

The annexed notes from 1 to 12 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER****DIRECTOR**

ZAMAN FOUNDATION

(A company setup under section 42 of the Companies Act, 2017)

Statement of income and expenditure
For the period ended 30 June 2024

	Note	2024 Rupees
Administrative expenses	8	880,585
Deficit for the year		(880,585)

The annexed notes from 1 to 12 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

ZAMAN FOUNDATION

(A company setup under section 42 of the Companies Act, 2017)

Statement of changes in funds
For the period ended 30 June 2024

	Total Rupees
Deficit for the year	(880,585)
Balance as at 30 June 2024	(880,585)

The annexed notes from 1 to 12 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

ZAMAN FOUNDATION

(A company setup under section 42 of the Companies Act, 2017)

Statement of cash flows

For the period ended 30 June 2024

	Note	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year		(880,585)
Adjustments for non-cash items		-
Operating cash used before working capital changes		<u>(880,585)</u>
Effect of working capital changes:		
Increase in other payables		880,585
Net cash from operating activities		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES		<u>-</u>
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of the year		<u>-</u>
Cash and cash equivalents at end of the year	5	<u><u>-</u></u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

1 The company and its operations

- 1.1** Zaman Foundation (the Company) is registered under Section 42 of the Companies Act, 2017 on October 05, 2023 with main purpose of alleviating human suffering, eradication of illiteracy and poverty. Registered office of the Company is situated at 21-Waris Road, Lahore.
- 1.2** Subsequent to year end, the assets and liabilities of the Zaman Foundation (Trust) along with its operations will be transferred to "Zaman Foundation (the Company)" incorporated u/s 42 of Companies Act 2017 on their carrying amounts w.e.f July 01, 2024.

2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-sized entities (IFRSs for SMEs) and Accounting Standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

3 Basis of preparation**3.1 Basis of measurement**

These financial statements have been prepared under historical cost convention except as stated otherwise in these financial statements.

3.2 Presentation and functional currency

These financial statements have been presented in Pak Rupees, which is the company's functional and presentation currency. The figures in these financial statements have been rounded off to the nearest Rupees.

3.3 Critical accounting estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Residual values and useful life and impairment of property and equipment (Note: 4.1)
- Provisions (Note: 4.7)

4 Summary of significant accounting policies**4.1 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any, except freehold land which is stated at cost. Depreciation is charged on reducing balance method. Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged for the month of disposal.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income and expenditure account in the year asset is derecognized. Normal repair and maintenance is charged to statement of income and expenditure as and when incurred, while major renewals and replacements are capitalized.

The carrying amount of property and equipment are reviewed at every reporting date to identify the circumstances indicating the occurrence of impairment or reversal of previously recognized impairment losses. If any such indication exists, the recoverable amount of such asset is estimated. Where an impairment subsequently reverses, the carrying amount of such asset is increased to the extent that it does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment has been charged. A reversal of the impairment is recognized in statement of income and expenditure.

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4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment, if any. These are amortized using straight line method reflecting the pattern in which economic benefits of the assets are consumed by the Company.

4.3 Investment - at amortized cost (TDRs)

Investments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these investments and gain or loss arising on disposal are recognized directly in statement of income and expenditure.

4.4 Investments - fair value through profit and loss

Investments which are acquired principally for the purpose of selling in near future or the investments that are part of a portfolio of financial instruments held for short term profit taking are classified as investments at fair value through income and expenditure account. These are stated at fair values with any resulting gains or losses recognized directly in the income and expenditure account.

4.5 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at banks on current and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.6 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services.

4.7 Provisions

Provisions are recognized in the statement of financial position when the Company has legal or constructive obligation as a result of past events, and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

4.8 Restricted funds

Funds held for specific use are restricted funds and are separately accounted for in the financial statements. Contributions against restricted funds are initially recognized at fair value in the statement of financial position when there is reasonable assurance that the contribution will be received and the conditions specified for its receipt have been complied with. Restricted contributions are recognized as revenue in statement of income and expenditure on a systematic basis in the same period in which the related expenditure is incurred.

4.9 General Donations

Revenue arising from general unrestricted resources is recognized in statement of income and expenditure when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Foundation.

4.10 Revenue recognition

- 4.10.1** Donations and grants are recognized only in the period in which reasonable assurance is attained that the donation or grant will be received.
- 4.10.2** Return on investments and bank accounts are recognized using effective interest rate method.
- 4.10.3** Gains or losses on investments at fair value through profit and loss are recognized in income and expenditure account.
- 4.10.4** Dividend income is recognized when right to receive dividend is established.
- 4.10.5** When the Company receives non-monetary assets as grants, the assets and the grants are recorded at fair values if fair values can be measured reliably; otherwise, they are recognized at nominal amounts. Grant is released to statement of income and expenditure over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

ZAMAN FOUNDATION

(A company setup under section 42 of the Companies Act, 2017)

Notes to the financial statements

For the period ended 30 June 2024

4.11 Foreign currency transactions and balances

Foreign currency transactions are converted to Pak Rupee at rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing on the date of statement of financial position. Exchange differences, if any, are taken to statement of income and expenditure.

4.12 Taxation

Provision for taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any.

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted at the reporting date. Deferred tax is charged or credited to the income and expenditure statement, except in the case of items credited or charged to fund.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authorities.

4.13 Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to statement of income and expenditure currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.14 Off-setting of financial assets and financial liabilities

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

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ZAMAN FOUNDATION*(A company setup under section 42 of the Companies Act, 2017)*

Notes to the financial statements

For the period ended 30 June 2024

2024
Rupees**5 Cash and bank balances**

Cash in hand	-
Balance with banks	
- Current accounts	-
- Saving accounts	-
Total	-

6 Other payables

Other payables-related party	850,585
Accrued expenses	30,000
Total	880,585

7 Contingencies and commitments

There are no contingencies and commitments as at reporting date.

8 Administrative expenses

Auditor's remuneration	30,000
Legal and professional	850,585
Total	880,585

9 Financial instruments

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and review of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk

9.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the date of statement of financial position if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts, advances, security deposits, other receivables and bank balances.

9.1.1 Exposure to credit risk

Since the Company does not has any financial assets, so the Company is not exposed to any credit risk at the date of the statement of financial position.

9.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due.

The following are the contractual maturities of financial liabilities as at 30 June 2024:

Carrying amount	One to five years	More than five years
----- Rupees -----		
Other payables	880,585	880,585
	880,585	-
	880,585	-

ZAMAN FOUNDATION

(A company setup under section 42 of the Companies Act, 2017)

Notes to the financial statements

For the period ended 30 June 2024

9.3 Market risk

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

9.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to significant currency risk because of donation received in foreign currency.

9.3.2 Interest/markup rate risk

Interest/markup rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest/markup rates. The Company is not exposed to any such risk.

9.3.3 Equity price risk

The Company is not exposed to any equity price risk.

9.3.4 Financial instruments by categories

	2024 Rupees
Financial assets - amortized cost	-
Financial liabilities - amortized cost	
Other payables	880,585
	<u>880,585</u>

9.3.5 Fair values of financial assets and liabilities

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

10 Transactions with related parties

Related parties include Directors, associated undertakings and key management persons. Balances due of related parties are shown in notes. Details of transactions with related party during the year as follows:

Name	Nature of transactions	2024 Rupees
Zaman Foundation (Trust)	Incorporation charges paid during the year	850,585

11 General

11.1 Figures have been rounded off to the nearest Rupee.

11.2 Corresponding figures have not been reproduced as it is first year of the Company.

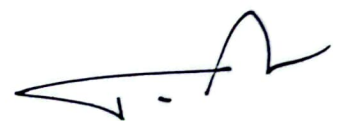
12 Date of authorization

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

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CHIEF EXECUTIVE OFFICER



DIRECTOR