

Riaz Ahmad & Company

Chartered Accountants

**CENTER FOR AUTISM REHABILITATION AND
TRAINING, SINDH
(C-ARTS)**

**FINANCIAL STATEMENTS WITH ACCOMPANYING
INFORMATION**

**FOR THE YEAR ENDED
30 JUNE 2022**

INDEPENDENT AUDITOR'S REPORT

To the members of Center for Autism Rehabilitation and Training, Sindh (C-ARTS)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Center for Autism Rehabilitation and Training, Sindh (C-ARTS) ("the Company"), which comprise the statement of financial position as at 30 June 2022, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund, 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 income and expenditure statement, the statement of comprehensive income, the statement of changes in fund 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 30 June 2022 and of the deficit, the other comprehensive income, the changes in fund 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 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

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company for 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

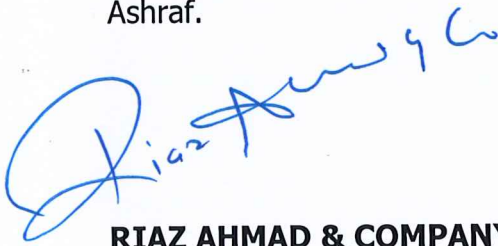
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together 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;

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- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 09 December 2022
UDIN: AR202210045oz4hZLYtu


CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipments	5	12,620,447	11,046,581
Intangible asset	6	<u>72,933</u>	<u>261,248</u>
		12,693,380	11,307,829
CURRENT ASSETS			
Deposits and other receivables		40,500	90,750
Cash and bank balances	7	49,113,936	66,328,002
		49,154,436	66,418,752
TOTAL ASSETS		61,847,816	77,726,581
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income	8	2,901,157	4,155,510
CURRENT LIABILITIES			
Accrued and other payables	9	930,386	342,011
TOTAL LIABILITIES		3,831,543	4,497,521
NET ASSETS		58,016,273	73,229,060
REPRESENTED BY:			
Accumulated fund		58,016,273	73,229,060
Contingencies and commitments	10		

The annexed notes from 1 to 20 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)
(A company set up under section 42 of the Companies Act, 2017)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Grant	11	58,974,353	57,348,751
EXPENDITURE			
Operational expenses	12	(61,658,559)	(52,432,094)
Administrative expenses	13	(12,528,581)	(11,297,429)
Deficit of income over expenditure before tax		<u>(15,212,787)</u>	<u>(6,380,772)</u>
Taxation	14	-	-
Deficit of income over expenditure after tax		<u><u>(15,212,787)</u></u>	<u><u>(6,380,772)</u></u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



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DIRECTOR



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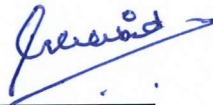
CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	2021 Rupees
Deficit of income over expenditure after tax	(15,212,787)	(6,380,772)
Other comprehensive income:		
Items that will not be reclassified to income and expenditure statement	-	-
Items that may be reclassified subsequently to income and expenditure statement	-	-
Other comprehensive income for the year	-	-
Total comprehensive loss	<u>(15,212,787)</u>	<u>(6,380,772)</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.



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CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2022

	Accumulated fund
	Rupees
Opening balance as at 1 July 2020	79,609,832
Total comprehensive loss for the year ended 30 June 2021	
Deficit of income over expenditure after tax	(6,380,772)
Other comprehensive income	-
	(6,380,772)
Balance as at 30 June 2021	73,229,060
Total comprehensive loss for the year ended 30 June 2022	
Deficit of income over expenditure after tax	(15,212,787)
Other comprehensive income	-
	(15,212,787)
Balance as at 30 June 2022	58,016,273

The annexed notes from 1 to 20 form an integral part of these financial statements.



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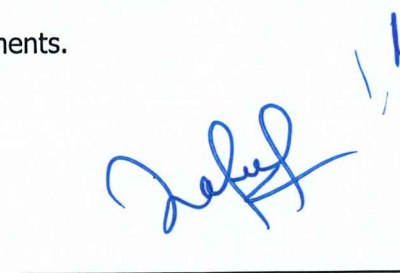
CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit of income over expenditure before tax	(15,212,787)	(6,380,772)
Adjustments for non cash items:		
Amortisation - intangible asset	188,315	188,315
Depreciation	3,623,744	3,106,911
Impairment	57,638	-
Amortization of deferred grant	(3,174,353)	(1,548,751)
	695,344	1,746,475
Net cash used in operating activities before working capital changes:	(14,517,443)	(4,634,297)
Decrease / (Increase) in current assets		
Deposits and other receivables	50,250	(65,750)
Increase / (decrease) in current liabilities		
Accrued and other payables	588,375	(45,917)
Cash flow generated from / (used in) operations	638,625	(111,667)
Net cash used in operating activities	(13,878,818)	(4,745,964)
CASH FLOW FROM INVESTING ACTIVITIES		
Addition in property and equipment	(5,255,248)	(2,562,994)
Net cash used in investing activities	(5,255,248)	(2,562,994)
CASH FLOW FROM FINANCING ACTIVITIES		
Grant received during the year	1,920,000	1,920,000
Net cash flow from financing activities	1,920,000	1,920,000
Net decrease in cash and cash equivalents	(17,214,066)	(5,388,958)
Cash and cash equivalents at the beginning of the year	66,328,002	71,716,960
Cash and cash equivalents at the end of the year	49,113,936	66,328,002

The annexed notes from 1 to 20 form an integral part of these financial statements.


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DIRECTOR


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CENTER FOR AUTISM REHABILITATION AND TRAINING, SINDH (C-ARTS)
(A company set up under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1. LEGAL STATUS AND NATURE OF OPERATIONS

- 1.1** Center for Autism Rehabilitation and Training, Sindh (C-ARTS) is incorporated in Pakistan on 08 March 2018 as a public company limited by guarantee not having share capital. C-ARTS ("the Company") has been granted license under section 42 of the Companies Act, 2017 as a Company not for profit.
- 1.2** The geographical location and registered office address of the Company is ST-31, Block-15, Gulistan-e-Johar, Karachi, Sindh. The Company has a branch office in Hyderabad, address of branch office is Hilal-Ahmer Hospital Unit#06 Latifabad Hyderabad and a branch office in Karachi, address of branch office is Korangi 2-1/2 Sector 41-B adjacent to LRBT Eye Hospital Korangi Karachi.
- 1.3** The principal object of the Company is to setup an Autism Rehabilitation Center as per international standards. The Company receives funds from Department of Empowerment of Persons with Disabilities, Government of Sindh for its operations.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are documented in the following accounting policies and notes, and relate primarily to:

- | | |
|--------------------------------------|---------------|
| - Depreciation | (Note 4.1) |
| - Impairment of non-financial assets | (Note 4.3) |
| - Impairment of financial assets | {Note 4.5(c)} |
| - Provisions | (Note 4.10) |

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') that are effective in the current period and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions extended beyond 30 June 2021.
- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

3.2 Amendments to published approved standards that are effective in current period but not relevant to the Company

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3.3 Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

The above amendments and improvements do not have a material impact on the financial statements.

3.4 Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below:

4.1 Property and equipments

Property and equipments are stated at cost less accumulated depreciation and recognized accumulated impairment, if any. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

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 benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the period in which they are incurred.

Depreciation

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged from the month in which the assets are disposed off. Depreciation on operating fixed assets is charged to statement of income and expenditure applying the Straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 5. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of Property and equipments is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of income and expenditure in the period the asset is de-recognized.

4.2 Intangible assets

These are recorded initially at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangibles are amortized over their estimated useful lives using the straight line method at rates mentioned in Note 6.

Intangible assets having indefinite useful life are not amortized. However, these are tested for impairment on annual basis.

Amortization on addition and deletion of intangible assets during the year is charged in proportion to the period of use. The useful life and amortization method are reviewed and adjusted, if appropriate, at the reporting date.

4.3 Impairment of non-financial assets

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the income and expenditure statement.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the income and expenditure statement.

4.4 Government grants

Government grants are recognised at the fair value of the asset received or receivable.

A grant without specified future performance conditions is recognised in income when the right to receive the grant is established. A grant that imposes specified future performance conditions is recognised in income when all those conditions are met and there is a reasonable assurance that the grant will be received.

Government grants are presented separately from the assets to which they relate. Government grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position.

Further, the Company does not recognise those forms of government assistance for which a reasonable value cannot be placed on them.

4.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one company and a financial liability or equity instruments of another company.

a) Financial assets

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through income and expenditure in the context of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i- Financial assets at amortized cost

Financial assets at amortized cost are 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- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

iii- Financial assets at fair value through income and expenditure

Financial assets at fair value through income and expenditure are those financial assets which are either designated in this category or not classified in any of the other categories.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through income and expenditure. Financial assets carried at fair value through income and expenditure is initially recognized at fair value and transaction costs are expensed in the statement of income and expenditure.

Gains and losses arising on financial assets at amortized cost and financial assets at fair value through income and expenditure are recognized in the statement of income and expenditure. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on financial assets at fair value through other comprehensive income are also recognized in the statement of income and expenditure. Gains and losses from changes in fair value of financial assets at fair value through other comprehensive income are recognized in other comprehensive income and are reclassified to statement of income and expenditure on derecognition or reclassification.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

b) Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through income and expenditure are initially recognized at fair value and transaction costs are expensed in the statement of income and expenditure.

Financial liabilities, other than those at fair value through income and expenditure, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of income and expenditure.

c) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost and at fair value other comprehensive income is calculated on basis of "expected credit losses" model.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

d) De-recognition

i. Financial assets

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

ii. Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

e) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current account and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

4.7 Trade and other payables

Liabilities for other payables are initially recognized at fair value plus directly attributable cost. These are subsequently measured at amortized cost.

4.8 Taxation

The Federal Board of Revenue (FBR) has allotted Free Tax Number (FTN) to the Company under Section 49 of the Income Tax Ordinance, 2001 whereby the income of the Company is exempt from tax. Therefore, no provision for taxation has been made in these financial statements and as a result temporary differences do not arise and deferred tax is not recorded.

4.9 Related party and transfer pricing

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

4.10 Provisions

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

4.11 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the reporting date and exchange differences, if any, are charged in the income and expenditure statement.

5. PROPERTY AND EQUIPMENTS

	Vehicle		Furniture and fixtures		Electrical fittings and equipments		General equipments		Computer equipments		Total	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At 01 July 2021												
Cost	7,357,475	4,483,060	3,055,472	1,647,738	1,014,224	17,557,969						
Accumulated depreciation	(2,889,344)	(2,114,749)	(553,967)	(354,914)	(598,414)	(6,511,388)						
Net carrying value	4,468,131	2,368,311	2,501,505	1,292,824	415,810	11,046,581						
Year ended 30 June 2022												
Opening net book value (NBV)	4,468,131	2,368,311	2,501,505	1,292,824	415,810	11,046,581						
Additions	1,328,000	1,531,134	1,181,850	666,436	547,828	5,255,248						
Depreciation charged for the year	(1,493,628)	(987,296)	(494,466)	(303,816)	(344,537)	(3,623,744)						
Impairment charged for the year	-	(26,968)	(7,247)	(23,368)	(56)	(57,638)						
Net carrying value	4,302,503	2,885,181	3,181,642	1,632,076	619,045	12,620,447						
At 30 June 2022												
Cost	8,685,475	5,987,226	4,230,075	2,290,806	1,561,996	22,755,579						
Accumulated depreciation	(4,382,972)	(3,102,045)	(1,048,433)	(658,730)	(942,951)	(10,135,132)						
Net carrying value	4,302,503	2,885,181	3,181,642	1,632,076	619,045	12,620,447						
Year ended 30 June 2021												
Opening net book value (NBV)	5,939,626	2,653,996	1,444,577	1,091,556	460,743	11,590,498						
Additions	-	540,155	1,367,239	400,600	255,000	2,562,994						
Depreciation charged for the year	(1,471,495)	(825,840)	(310,311)	(199,332)	(299,933)	(3,106,911)						
Net carrying value	4,468,131	2,368,311	2,501,505	1,292,824	415,810	11,046,581						
At 30 June 2021												
Cost	7,357,475	4,483,060	3,055,472	1,647,738	1,014,224	17,557,969						
Accumulated depreciation	(2,889,344)	(2,114,749)	(553,967)	(354,914)	(598,414)	(6,511,388)						
Net carrying value	4,468,131	2,368,311	2,501,505	1,292,824	415,810	11,046,581						
Depreciation rate	20%	20%	15%	15%	33.33%							

5.1 The Government of Sindh through its Modified PC-1 dated 02 December 2016 allocated Rupees 66.148 million for the establishment of building for Autism Center. The building is located at ST-31, Block-15, Gulistan-e-Johar, Karachi and is in use of the Company since its incorporation. However, as per available records with the Company legal title of the land and building is not transferred to it.

5.2 Depreciation of Rupees 3,623,744 (2021: Rupees 3,106,911) has been apportioned to operational expenses amounting to Rupees 3,442,557 (2021 : 2,951,565) and to administrative expenses amounting to Rupees 181,187 (2021:155,346).

6. INTANGIBLE ASSET	Note	2022 Rupees	2021 Rupees
For the year ended 30 June			
Opening net book value		261,248	449,563
Amortisation for the year		<u>(188,315)</u>	<u>(188,315)</u>
Net book value		<u>72,933</u>	<u>261,248</u>
As at 30 June			
Cost		565,000	565,000
Accumulated Amortisation		<u>(492,067)</u>	<u>(303,752)</u>
Net book value		<u>72,933</u>	<u>261,248</u>
Amortisation rate		33.33%	33.33%

6.1 Amortisation has been apportioned to operational expenses amounting to Rupees 178,889 (2021:178,889) and to administrative expenses amounting to Rupees 9,416 (2021:9,416).

7. CASH AND BANK BALANCES

Cash in hand		18,620	2,408
Cash at bank - current accounts		<u>49,095,316</u>	<u>66,325,594</u>
		<u>49,113,936</u>	<u>66,328,002</u>

8. DEFERRED INCOME

Deferred income relating to property and equipments

Opening balance		2,659,510	3,784,261
Amortisation for the year		<u>(1,054,353)</u>	<u>(1,124,751)</u>
	8.1	<u>1,605,157</u>	<u>2,659,510</u>

Deferred income relating to stipend to enrolled children

Opening Balance		1,496,000	-
Grant received during the year	8.2	1,920,000	1,920,000
Amortisation for the year		<u>(2,120,000)</u>	<u>(424,000)</u>
		<u>1,296,000</u>	<u>1,496,000</u>
		<u>2,901,157</u>	<u>4,155,510</u>

8.1 This represents deferred balance of amount received from Department of Empowerment of Persons with Disabilities (Ex-Special Education Department), Government of Sindh under Annual Development Plan (ADP) Scheme on account of purchase of property and equipments for the Company.

8.2 This represents amount received from Department of Empowerment of Persons with Disabilities (Ex-Special Education Department), Government of Sindh under grant to the children with special needs enrolled in government special education and rehabilitation centers special education department, Government of Sindh.

9. ACCRUED AND OTHER PAYABLES	Note	2022 Rupees	2021 Rupees
Accrued liabilities		722,510	207,919
Withholding tax payable		822	12,822
EOBI payable		63,960	62,400
Other payable		143,094	58,870
		<u>930,386</u>	<u>342,011</u>

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments at the reporting date (2021: Nil).

11. GRANT

Grant received	11.1	55,800,000	55,800,000
Amortisation - grant related to property and equipments		1,054,353	1,124,751
Amortisation - grant related to stipend for enrolled children		2,120,000	424,000
		<u>58,974,353</u>	<u>57,348,751</u>

11.1 This represents unconditional grant received from Sponsor for operations of the Company.

12. OPERATIONAL EXPENSES

Salaries, allowances and other benefits		47,980,132	44,782,944
Kids teaching material		2,524,698	384,094
Office supplies and consumable items		402,096	344,654
Advertisement and marketing		454,159	191,120
Utilities		1,752,009	1,044,018
Repair and maintenance		1,043,562	614,495
Security services charges		202,960	138,852
Fees and subscription		108,950	85,470
Conveyance - office staff		11,975	11,320
Printing and stationary		202,251	132,990
Courier expense		1,357	6,853
Diesel for generator		15,194	-
Events and ceremonies		454,778	96,900
Other certification		-	227,259
Legal and professional charges		389,800	574,300
Entertainment		130,044	115,287
Depreciation	5	3,442,557	2,951,565
Amortisation	6	178,899	178,899
Impairment of property and equipment		54,756	-
Vehicle insurance		35,750	34,538
Stipend for enrolled children		2,120,000	424,000
Miscellaneous expenses		152,632	92,536
		<u>61,658,559</u>	<u>52,432,094</u>

13 ADMINISTRATIVE EXPENSES	Note	2022 Rupees	2021 Rupees
Salaries, allowances and other benefits		9,237,985	8,734,413
Office supplies and consumable items		279,421	260,003
Advertisement and marketing		50,462	21,236
Utilities		1,217,498	787,593
Repair and maintenance		725,187	463,566
Security services charges		141,040	104,748
Conveyance - office staff		8,321	8,540
Printing and stationary		140,548	100,325
Courier expense		943	5,169
Auditors' remuneration	13.1	207,360	172,800
Diesel for generator		10,559	-
Other certification		-	171,441
Entertainment		90,370	86,971
Depreciation	5	181,187	155,346
Amortisation	6	9,416	9,416
Impairment of property and equipment		2,882	-
Vehicle insurance		24,843	26,055
Directors fees		90,000	120,000
Miscellaneous expenses		110,558	69,808
		<u>12,528,581</u>	<u>11,297,429</u>

13.1 Auditors' remuneration

Audit fee	132,000	100,000
Review of Code of Corporate Governance:		
Current	50,000	50,000
Out of pocket	10,000	10,000
	<u>192,000</u>	<u>160,000</u>
Sindh sales tax @ 8%	15,360	12,800
	<u>207,360</u>	<u>172,800</u>

14. TAXATION

The Federal Board of Revenue (FBR) has allotted Free Tax Number (FTN) to the Company under Section 49 of the Income Tax Ordinance, 2001 whereby the income of the Company is exempt from tax. Therefore, no provision for taxation has been made in these financial statements and as a result temporary differences do not arise and deferred tax is not recorded.

15. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVE

	2022		2021	
	Chief executive officer	Executives	Chief executive officer	Executives
	Rupees		Rupees	
Basic pay	3,113,750	3,435,164	2,856,033	4,848,400
	Numbers		Numbers	
Number of person	1	2	1	3

16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Department of Empowerment of Persons with Disabilities, Government of Sindh and key management personnel. The related party transactions during the year and the status of outstanding balances as at the year end are as follows:

	Name of Related party	Relationship with related party	Nature of transaction	2022 Rupees	2021 Rupees
i.	Department of Empowerment of Persons with Disabilities, Government of Sindh	Sponsor	Grant received	<u>57,720,000</u>	<u>57,720,000</u>

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

17.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as the Company does not have any interest bearing financial instrument as at the reporting date.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company arises from deposits with banks, trade debts, accrued mark up and advances and deposits. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022 Rupees	2021 Rupees
Deposits and other receivables	40,500	90,750
Bank balances	49,095,316	66,325,594
	49,135,816	66,416,344

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Bank	Rating		Agency		
	Short term	Long term			
Sindh Bank Limited	A-1	A+	VIS	49,095,316	66,325,594

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and other liquid assets. At 30 June 2022, the Company had Rupees 49,113,936 (2021: Rupees 66,328,002) cash and bank balance. Following are the contractual maturities of the financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities:	Accrued and other payables	
	2022 Rupees	2021 Rupees
As at 30 June 2022		
Carrying amount	865,604	266,789
Contractual cash flows: 6 month or less	865,604	266,789

17.2 Recognized fair value measurements - financial assets

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels:

'Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

'Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no financial asset and financial liability to be reported under above levels as the carrying amounts of all financial assets and financial liabilities presented in these financial statements are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

17.3 Recognized fair value measurements - non-financial assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

17.4 Financial instruments by categories

	At amortized cost	
	2022	2021
	Rupees	Rupees
Financial assets as per statement of financial position		
Deposits and other receivables	40,500	90,750
Cash and bank balances	49,113,936	66,328,002
	49,154,436	66,418,752
Financial liabilities as per statement of financial position		
Accrued and other payables	865,604	266,789
	865,604	266,789
	2022	2021
	Numbers	Numbers
18. NUMBER OF EMPLOYEES		
Number of contractual employees as at 30 June	85	84
Average number of employees during the year	85	84

19. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's board of directors and authorized for issue on 04 OCT 2022.

20. GENERAL

- No significant reclassification or rearrangement of the corresponding figures have been made during the year in these financial statements.
- Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER