ZAMA TRUST
FINANCIAL STATEMENTS
AS AT JUNE 30, 2022

HACO

HAFIZ ASIM & Co.
Chartered Accountants

The Board of Trustees, Zama Trust Islamabad.
September 13, 2023

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Dear Sirs,

We have completed the audit of your Trust's financial statements for the above referred year and are pleased to enclose herewith two copies of the draft financial statements together with our draft audit report thereon duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by the Board of Trustees and signed on their behalf by at least two Trustees and on receipt/review of the following:

a) Letter of representation addressed to us on behalf of the Board of Trustees and signed by the trustees as per draft provided by us.

Our comments and observations on this set of financial statements are as follows:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Trust's management.
The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Trust and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. UNAUDITED ACCOUNTS

As per clause 16 of the trust deed, accounts of the trust must be audited annually by a chartered accountant firm.

3. PAYMENTS IN CASH

As per trust deed, all payments should be made via banking channel and no cash transaction will be allowed.

4. INCOME TAX EXEMPTION

We have observed that the trust has not obtained exemption from the relevant tax authority in accordance with the provision of Income Tax Ordinance, 2001 and tax has been withheld by banks on its income. The management Is of the view that the trust is eligible to claim credit U/S 100C after complying with the necessary requirements however as per Finance Act 2020, commissioner's approval will be required every year for claiming credit UIS 100C from July 2023 onward. We recommend that the trust should obtain full exemption UIS 2(36) of ITO 2001. Furthermore, we have observed that the trust has not filed its tax returns during the previous years. Due to this, the "Tax deducted at source" being shown as asset cannot be claimed until tax returns are duly filed. We recommend that the trust should file its returns timely.

HACO

INVESTMENT

We have observed that the trust had invested an amount of Rs. 67 million in the shape of TDRs in the Bank of Khyber. Total Income of trust is based on Interest received from BOK during the year on TDRs.

Furthermore, trust has purchased 12,060 shares of Premier Sugar Mill and Distillery Ltd and earned Gain on FV of Shares in the market.

We further recommend that, keeping in view that the overall purpose of the trust is the betterment of society, the management should be much more vigilant in investing the funds of the trust and should carry out due diligence before making any investment.

6. RELATED PARTY TRANSACTIONS

We have been informed by the management that there are no transactions with the related parties, other than those disclosed in the notes to the financial statements.

7. COMPLIANCE WITH STATUTORY LAWS AND REGULATIONS

We have been informed by the management that there were no instances of non-compliance with statutory laws and regulations, other than reported above that would have financial impact. Kindly confirm the management representation.

8. CONTINGENCY AND COMMITMENTS

We have been informed by the management that there are no other contingencies and commitments as on the date of the financial statements. Kindly confirm the management representations.

9. FRAUD AND ERROR

We have been informed by the management that there was no case of fraud and error that has been brought to their knowledge during the period. Kindly confirm the representations made by the management.

We wish to place on record our appreciation for the courtesy and cooperation extended to us during course of our audit.

Yours faithfully,

HAFIZ ASIM & CO

CHARTERED ACCOUNTANTS * HAFIZ ASIM & CO. * ISLAMABAD

INDEPENDENT AUDITORS REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the financial statements of Zami' Trust, which comprise the statement of financial position as at June 30, 2022, and the statement of income and expenditure, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at June. 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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 Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards, and for such internal control as the 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization 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 Organization 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 those charged with governance 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.

HAFIZ ASIM & CO
CHARTERED ACCOUNTANTS

HAFIZ ASIM & CO. CHARTERED ACCOUNTANTS ISLAMABAD

ISLAMABAD

September 19, 2022

ZAMA TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	NOTE	2022 Rupees	2021 Rupees
FUND AND LIABILITIES			
FUND			
General Fund		77,668,154	76,473,924
CURRENT LIABILITIES			
Accrude and Other Liabilities	9	55,500	53,500
CONTIGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY & LIABILITIES		**77,723,654**	**76,527,424**
NON CURRENT ASSETS			
Property, Plant and Equipment	4	123,305	137,006
Long Term Investment	5	61,633,000	61,667,220
		61,756,305	**61,804,226**
CURRENT ASSETS			
Short Term Investment	6	10,000,000	10,000,000
Tax Deducted At Source	7	3,161,364	2,478,734
Other Receivables		70,254	131,378
Bank Balances	8	2,735,731	2,113,086
		15,967,349	**14,723,198**
TOTAL ASSETS		**77,723,654**	**76,527,424**

The annexed notes from 1 to 18 form an integral part of these financial statements.

SECRETARY **CHAIR PERSON**

ZAMA TRUST
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Interest Income	11	4,661,175	4,413,516
Gain on Sale of Vehicle			
Unrealized Gain/(Loss) on Increase FV of Shares	5.3	1,965,780	(2,097,234)
		6,626,955	2,316,282
EXPENDITURE			
Scholarship Paid	12	3,433,675	2,915,545
Donation	13	120,000	120,000
Other Expenses	13.1	618,403	692,147
Auditor's Remuneration	14	55,500	53,500
Office Rent		660,000	-
Printing and Stationary		45,580	15,370
Communication & Utility Charges		235,570	-
Depreciation	4	13,701	15,223
Travelling & Fuel Expenses		248,766	26,468
Bank Charges		1,530	375
		5,432,725	3,838,628
Excess /(deficit) of Income over Expenditure transferred to General Fund		1,194,230	(1,522,346)

The annexed notes from 1 to 18 form an integral part of these financial statements.

SECRETARY **CHAIR PERSON**

ZAMA TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		1,194,230	(1,522,346)
Adjsutments for:			
Depreciation		13,701	15,223
Gain on Sale of Vehicle		-	-
(Unrealized Gian) /Loss on Increase in FV of Shares		(1,965,780)	2,097,234
Surplus Before Changes in Working Capital		**(757,849)**	**590,111**
Changes in Working Capital			
(Increase) / Decrease in Assests & Increase / (Decrease) in Liabilities			
Other Receivables		61,124	(19,878)
Tax Deducted at Source		(682,630)	(705,799)
Accrued Liabilities		2,000	(43,800)
Net Cash Flow from Operating Activities		**(1,377,355)**	**(179,366)**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Disposal of Property and Equipment		-	-
Proceeds from Long Term Investment		2,000,000	-
Short Term Investment		-	-
Net Cash Flow from Investing Activities		**2,000,000**	**-**
CASH FLOW FROM FINANCING ACTIVITIES		**-**	**-**
Net Increase in Cash & Cash Equivalents		622,645	(179,366)
Cash & Cash Equivalents at the beginning of the year		2,113,086	2,292,452
Cash & Cash Equivalents at the end of the year		**2,735,731**	**2,113,086**

The annexed notes from 1 to 18 form an integral part of these financial statements.

SECRETARY **CHAIR PERSON**

ZAMA TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 NATURE AND STATUS

ZAMA Trust is a charitable trust and non-profit organization registered under the Trust Act 1882 on March, 13, 2002. The main objective of the Trust are:-

- To construct, purchase and establish help & assist training institutions, schools, colleges, educational institutions, polytechnics and / or industrial or poor house.
- To offer assistance, scholarships and stipends, prizes or awards to studens.
- To promote or establish research facilities and help and assist research scholars in any academic or applied filed.
- To receive and procure help assistance donations and aid from other persons, locals or international institutions charitable organization, trust and government and to coordinate, cooperate and participate with them and undertake any sheme or project for implrementation of any of the objects and purposes of the Trust.
- To promote, patronize, undertake such other charitable causes and purposes as the board of trustee may deem fit from time to time.
- To promote, encourage, assist, patronize and finance women development, social welfare and education throughout Pakistan and to aid the poor the needy regardless of their sex, religion, caste or color.
- The registered office of ZAMA Trust is situated at 2nd Floor, Kings Arae Plaza, F-7 Markaz, Islamabad.

2 ACCOUNTING CONVENTIONS

2.1 STATEMENT OF COMPLIANCE

These financial statement have been prepared in accordance with accounting and financial reporting standards for small sized entities as applicable in Pakistan. Approved accounting and reporting standards comprise of:

- Accounting Statndard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.
- Revised Accounting and Financial Reporting Statndards for Small-Sized Entities (AFRS for SMEs), 2015.

2.2 Basis of Measurement

These financial stataements have been prepared under historical cost convention using accrual basis of accounting.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with item which we considered material to the Trust's Financial Statements.

3.1 Property and Equipment

Operating assets, except of freeold land are stated at cost less accumulated depreciation less impairment loss, if any. Freehold land is stated at cost less impairment loss, if any.

Depreciation is charged on assets on reducing balance method using rates specified in note 4. Depreciation on additions is charged from the month in which it is acquired to the month prior to disposal.

Maintenance costs and normal repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Trust and the cost of the item can be measured reliably.

Gain or loss on fixed assets disposed off during the year is charged to the statement of income and expenditure. Major improvements and renewals are capitalized.

3.2 Capital Work in Progress

Capital work in progress is stated at cost less impairment including whre appropriated, related borrowing costs, if any. These costs are transferred to fixed assets as and when assets are available for use.

3.3 Impairment

The Foundation assesses at each balance sheet date whether there is any indication that assets may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to Income and Expenditure Account.

3.4 Investments

The entity initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments. Investments in equity instruments that are quoted in an active market shall be measured at fair value and investments inequity instruments that do not have active market shall be carried at cost less impariment, if any. Changes in fair value are recognized in statement of Income and Expenditure.

3.5 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances.

3.6 Donations and Grants

Donations are recognized in the Income and expenditure acount at the time of receipt. Donations in kind are recognized at fair market value as and when these are received.

Grants are recognized, including non-monetary grants at fair value, on receipt basis and when there is reasonable assurance that the Foundation will be able to comply with the conditions attaching to them. Grants receivable as compensation for expenses or losses already incurred or for the purpose of financial support with no future related costs are recognized as income for the period in which it recognized on a systematic basis over the useful life of the asset.

3.7 Foreign Currency Transactions

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Assets and liabilities in foreign currencies are transalted into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the income and expenditure account.

3.8 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.

3.9 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 at expenses incurred with respect to normal operations of the Foundation, which are not related to Specific funds / activities, are charged to statement of income and expenditure.

3.10 Restricted Fund

Restricted donors' Fund / grant received for specific purpose are classified as restricted funds. Expenses incurred out of restricted funds are reflected in the statement of financial activities, with equal amount being recognized and reflected as funds utilized.

3.11 Contigencies

A contigent liability is disclosed when the Trust has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust; or the Trust has a prsent legal or constructive obligation that arises from past events, but it is not probalbe that an outflow of resources embodying economic benefits will be required to setttle the obligations, or the amount of the obligation cannot be measured with sufficient reliablility.

3.12 **Income**

Income is recognized to the extent it is probalbe 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 deffered 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 fized assets received are recognized as deffered capial 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.

3.13 **Expenditure**

Expenses are recorded when incurred.

3.14 **Taxation**

No provision for tax has been recognized in the financial statements, after taking into account the 100% Tax Credit available to the Trust against its Income, under sections 100C of the Income Tax Ordinance 2001.

		2022	2021
		..... Rupees	
4 PROPERTY AND EQUIPMENTS			
Net Carrying Value Basis			
Opening Book Value		137,006	152,229
Depreciation Charge		(13,701)	(15,223)
Disposal		-	-
Closing Net Book Value		**123,305**	**137,006**
Gross Carry Value Basis			
Cost		539,000	539,000
Accumulated Depreciation		(415,695)	(401,994)
Net Book Value		**123,305**	**137,006**
Annual Rate of Depreciation (%)		10%	10%

4.1 Property and Equipments represent vehicles owned by the trust only.

5 LONG TERM INVESTMENT			
Investment - at Amortized Cost			
- Innovative Investment Bank		-	-
- Bank of Khyber	5.1	55,000,000	57,000,000
Investment - at Fair Value			
- Shares	5.2	6,633,000	4,667,220
		61,633,000	**61,667,220**
Investment - at Fair Value			
-Investment in Shares at FV in 2021		4,667,220	6,764,454
Unrealized (Loss) / Gain on change in fair value of Investment - During the year		1,965,780	(2,097,234)
		6,633,000	**4,667,220**

5.1 This represents investments in Terms Deposit Receipts (TDR) amounting to Rs.55 million having maturity in February 08, 2022 yielding interest at the rate of 9% per anum (2021: 6.60%)

5.2 This represent investment in 12,060 share of The Premier Sugar Mills & Distillery Company Limited. The fair value of these shares as at June 30, 2022 is based on price quoted on the Pakistan Stock Exchange (PSX) i.e. Rs.550 per share (2021: Rs.387)

	NOTE	2022	2021
		..... Rupees	
6 SHORT TERM INVESTMENT			
Investment - at Amortized Cost		10,000,000	10,000,000
- MCB Bank			

6.1 This represents investment in short term deposit receipts (TDR) amounting to Rs10 million having a maturity period of 3 months yielding interest at the rate of 9% per anum (2021: 6.60%).

7 TAX DEDUCTED AT SOURCE		
- MCB BANK	-	85,429
- Bank of Khyber	682,630	620,370
	682,630	**705,799**

This represents Withhholding Tax deducted by the bank on payment of interest.

8 BANK BALANCES		
Cash at Bank		
- In Current Account	-	1,911,111
- In Saving Account	2,735,731	201,975
	2,735,731	**2,113,086**

9 ACCRUED LIABILITIES		
Audit Fee Payable	55,500	53,500
	55,500	**53,500**

10 CONTINGENCIE AND COMMITMENTS

10.1 **Contigencies**
The Trust has no capital commitments as at June 30, 2022 (2021: Nil)

10.2 **Commitments**
The Trust has no capital commitments as at June 30, 2022 (2021: Nil)

11 INTEREST INCOME		
- MCB Bank	-	546,181
- The Bank of Khyber	4,661,175	3,867,335
	4,661,175	**4,413,516**

Income represents interest income received from investment in Term Deposit Receipt (TDR) in Bank of Khyber and MCB Bank. Furthermore, interest income also includes interest from saving accounts in MCB Bank.

12 SCHOLARSHIPS		
Trustee Scholarships	235,150	21,000
General Scholarships	3,198,525	2,894,545
	3,433,675	**2,915,545**

12.1 It represents scholarships paid to the students as recommended by trustee.

12.2 This includes the scholarships paid to students working under technical, paramedics and vocational centres from all over the country.

13	**DONATION**		
	Pakistan Foundatioin Fighting Blindness	120,000	120,000
13.1	Other Expenses	618,403	692,147

Note This includes salaries, utility and fuel expenses paid to Zohra Sarfaraz Memorial Centre during the year.

14	**AUDITORS' REMUNERATION**	50,000	50,000
	Annual Audit Fee	5,500	3,500
	Out of Pocket Expenses	**55,500**	**53,500**

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of local related parties, direcots and key management personnel. Amounts due to / due from related parties and remuneration to key management personnel are disclosed in notes to the financial statements. There is no transaction with related parties other than those disclosed in relevant notes to financial statements.

16 REMUNERATION TO BOARD OF TRUSTEE

No remuneration has been paid to any trustee during the year.

17 EVENTS AFTER THE REPORTING DATE

There are no other significant activities since June 30,2020 carrying any adjustment or disclosure in the financial statement apart from those disclosed in the financial statement.

18 GENERAL

Figures have been rounded off to the nearest Rupee.

SECRETARY **CHAIR PERSON**

ZAMA TRUST
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	TOTAL
	---- Rupees ----	
Balance at July 01, 2019	71,030,222	71,030,222
Transferred from Income and Expenditure Account	6,966,048	6,966,048
Balance at June 30, 2020	**77,996,270**	**77,996,270**
Transferred from Income and Expenditure Account	(1,522,346)	(1,522,346)
Balance at June 30, 2021	**76,473,924**	**76,473,924**
Transferred from Income and Expenditure Account	1,194,230	1,194,230
Balance at June 30, 2022	**77,668,154**	**77,668,154**