Riaz Ahmad & Company
Chartered Accountants

SERVIS FOUNDATION

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 JUNE 2021

A member of
Nexia
International

Riaz Ahmad & Company
Chartered Accountants

10-B, Saint Mary Park
Main Boulevard, Gulberg-III
Lahore 54660, Pakistan
T: +92 (42) 3571 81 37-9
racolhr@racopk.com
www.racopk.com

INDEPENDENT AUDITOR'S REPORT

To the members of Servis Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Servis Foundation (the Company), which comprise the statement of financial position as at 30 June 2021, 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 2021 and of the surplus, 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

Management is responsible for the other information. The other information comprises the information included in 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.

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.
- 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;

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 Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date:

SERVIS FOUNDATION
(A Company set up under section 42 of the Companies Act, 2017)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021 Rupees	2020 Rupees
NON-CURRENT ASSETS		-	-
CURRENT ASSETS			
Advance income tax		28,766	17,695
Bank balance	3	1,300,093	202,605
		1,328,859	220,300
CURRENT LIABILITIES			
Accrued liabilities		522,000	522,000
NET CURRENT ASSETS		806,859	(301,700)
TOTAL FUND EMPLOYED		806,859	(301,700)
NON-CURRENT LIABILITIES		-	-
NET FUND EMPLOYED		806,859	(301,700)
REPRESENTED BY:			
FUND		806,859	(301,700)
CONTINGENCIES AND COMMITMENTS	4		

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SERVIS FOUNDATION
(A Company set up under section 42 of the Companies Act, 2017)

INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Rupees	2020 Rupees
INCOME			
Donations - local	5	44,415,677	26,857,571
Contribution from subscribers		1,500,000	9,539,000
Profit on saving bank account		73,805	175,968
Profit on term deposit receipts		-	119,427
		45,989,482	36,691,966
EXPENDITURE			
Donations - local	6	(44,703,336)	(37,722,432)
Legal and professional charges		(75,005)	(60,600)
Auditor's remuneration		-	-
Bank charges and others		(102,582)	(79,600)
		(44,880,923)	(37,862,632)
SURPLUS / (DEFICIT) BEFORE TAXATION		1,108,559	(1,170,666)
TAXATION		-	-
SURPLUS / (DEFICIT) AFTER TAXATION		1,108,559	(1,170,666)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SERVIS FOUNDATION

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021 Rupees	2020 Rupees
SURPLUS / (DEFICIT) AFTER TAXATION	1,108,559	(1,170,666)
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	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	1,108,559	(1,170,666)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SERVIS FOUNDATION

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

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2021

	Rupees
Balance as at 30 June 2019	868,966
Deficit for the year	(1,170,666)
Other comprehensive income for the year	-
Total comprehensive loss for the year	(1,170,666)
Balance as at 30 June 2020	(301,700)
Surplus for the year	1,108,559
Other comprehensive income for the year	-
Total comprehensive income for the year	1,108,559
Balance as at 30 June 2021	806,859

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SERVIS FOUNDATION

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (deficit) before taxation	1,108,559	(1,170,666)
Adjustments for non-cash charges and other items:		
Bank charges and others	102,582	79,600
Profit on saving bank account	(73,805)	(175,968)
Profit on term deposit receipts	-	(119,427)
Cash flows from / (used in) operating activities before working capital changes	1,137,336	(1,386,461)
Decrease in current liabilities		
Accrued liabilities	-	(20,000)
	-	(20,000)
CASH GENERATED FROM / (UTILIZED IN) OPERATIONS	1,137,336	(1,406,461)
Income tax paid	(11,071)	(17,596)
Bank charges and others paid	(102,582)	(79,600)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	1,023,683	(1,503,657)
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit received on saving bank account	73,805	175,968
Investment made - term deposit receipts	-	(12,400,000)
Investment matured - term deposit receipts	-	12,519,427
NET CASH FROM INVESTING ACTIVITIES	73,805	295,395
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,097,488	(1,208,262)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	202,605	1,410,867
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,300,093	202,605

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SERVIS FOUNDATION
(A Company set up under section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. THE COMPANY AND ITS ACTIVITIES

1.1 Servis Foundation ("the Company") is a public limited company (with limited liability and not having share capital) incorporated on 10 December 2018 under section 42 of the Companies Act, 2017. The registered office of the Company is situated at Servis House, 2 - Main, Gulberg, Lahore.

1.2 The objects of the Company are to aid, assist, set up, maintain and administer centers for health care, education and research and to provide scholarships and grant to students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standard (IFRS Standards) 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

- Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the income and expenditure statement unless the provision was originally recognised as part of cost of an asset.

d) Amendments to published approved accounting standards that are effective in current year 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 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

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

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 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.

f) 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 2021 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.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. 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.

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 1 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.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and 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.

2.2 Functional currency

These financial statements are presented in Pakistan Rupee which is the Company's functional currency.

2.3 Revenue recognition

Donations

Donations are recognized as income on receipt basis.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2.4 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in income and expenditure statement or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in income and expenditure statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in income and expenditure statement and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income and expenditure statement.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in income and expenditure statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from fund to income and expenditure statement and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the income and expenditure statement.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in income and expenditure statement and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to income and expenditure statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the income and expenditure statement as applicable.

Dividends from such investments continue to be recognised in income and expenditure statement as other income when the Company's right to receive payments is established.

2.5 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in income and expenditure statement. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in income and expenditure statement. Any gain or loss on de-recognition is also included in income and expenditure statement.

2.6 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.7 De-recognition of financial assets and financial liabilities

a) 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.

b) 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.

2.8 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.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on saving and deposit accounts 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.

2.10 Other payables

Liabilities for other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.11 Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, receivables have been grouped based on days overdue.

2.12 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the income and expenditure statement.

2.13 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.14 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.15 Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management evaluates positions taken in tax matters with respect to the respective situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. The Company is recognised under section 2(36) of Income Tax Ordinance, 2001 as a not for profit organization. Presently, no provision for taxation has been made in the financial statements as the Company is presently not engaged in any activity chargeable to income tax. Accordingly, tax suffered at source is recognized as refundable.

2.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

	2021 Rupees	2020 Rupees

3 BANK BALANCE

Cash with bank on:		
Saving account	1,300,093	202,605

4 CONTINGENCIES AND COMMITMENTS

The Company has no contingencies and commitments as on the reporting date.

5 DONATIONS - LOCAL

These include donation of Rupees 38,480,202 (2020: Rupees 25,298,571) received from Service Industries Limited - associated company.

6 DONATIONS - LOCAL

Donations to following parties exceed ten percent of the Company's total amount of donations:

	2021 Rupees	2020 Rupees
Kidney Centre, Gujrat (Note 6.1)	12,000,000	8,000,000
Shalamar Hospital (Note 6.2)	8,496,000	11,623,036
Wise Education Society (Note 6.3)	7,000,000	-
The Citizen Foundation (Note 6.3)	5,750,000	-

6.1 Mr. Omar Saeed, director and Mr. Hassan Javed, director are members of Board of Governers of Kidney Centre, Gujrat.

6.2 Mr. Omar Saeed, director is a trustee in Shalamar Hospital.

6.3 There is no interest of any director or his spouse in donees' fund.

7 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amount charged in the financial statements for the year as remuneration to chief executive, directors and executives is Rupees Nil (2020: Rupees Nil).

8 NUMBER OF EMPLOYEES

	2021	2020
Number of employees as on 30 June	Nil	Nil
Average number of employees during the year	Nil	Nil

9 TRANSACTIONS WITH RELATED PARTIES

9.1 There are no transactions with related parties, other than those which have been specifically disclosed else where in these financial statements.

9.2 The related parties with whom the company had entered into transactions or had arrangements / agreements in place during the year have been disclosed below along with their basis of relationship:

Name of the related party	Basis of relationship	Transaction entered or agreement and / or arrangement in place during the financial year		Percentage of Shareholding
		2021	2020	
Service Industries Limited	Common directorship	Yes	Yes	None
Service Charitable Trust	Directors of the Company are trustees	No	Yes	None
Service Global Footwear Limited	Common directorship	No	No	None
Service Long March Tyres (Private) Limited	Common directorship	No	No	None
Service Industries Capital (Private) Limited	Common directorship	No	No	None
Shalamar Hospital	Director of the Company is trustee	Yes	Yes	None
Kidney Centre, Gujrat	Directors of the Company are members of Board of Governors	Yes	Yes	None
S2 Power Limited	Common directorship	No	No	None
S2 Hydro Limited	Common directorship	No	No	None
Speed (Private) Limited	Common directorship	No	No	None
Jomo Technologies (Private) Limited	Common directorship	No	No	None
SBL Trading (Private) Limited	Common directorship	No	No	None
Shahid Arif Investment (Private) Limited	Common directorship	No	No	None

10 FINANCIAL RISK MANAGEMENT

10.1 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 has provided 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

The Company's overall risk management procedures to minimize the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. There are three types of market risk: currency risk, other price risk and interest rate 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 at the reporting date.

(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 equity price risk as it does not have any investment in equity securities traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk 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's interest rate risk arises only from bank balance in saving account, which expose the Company to cash flow interest rate risk. If interest rates at the period end date, fluctuates by 1% higher / lower with all variables held constant, surplus for the year would have increased / decreased by Rupees 13,001 (2020: Deficit for the year would have been decreased / increased by Rupees 2,026).

(b) Credit risk

Credit risk represents the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk is equal to the carrying amount of financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
	Rupees	Rupees
Bank balance	1,300,093	202,605

The credit risk on liquid funds is limited because the counter party is bank with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk.

	Rating			2021	2020
	Short Term	Long term	Agency	Rupees	
United Bank Limited	A-1+	AAA	JCR-VIS	1,300,093	202,605

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and availability of funds from Service Industries Limited. At 30 June 2021, the Company had bank balance of Rupees 1,300,093 (2020: Rupees 202,605). The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities. The amount disclosed in the table are undisclosed cash flows:

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying amount	Contractual cash flows	Less than one year	More than one year
	----------------------- Rupees -----------------------			
Non-derivative financial liabilities:				
Accrued liabilities	522,000	522,000	522,000	-

Contractual maturities of financial liabilities as at 30 June 2020:

	Carrying amount	Contractual cash flows	Less than one year	More than one year
	----------------------- Rupees -----------------------			
Non-derivative financial liabilities:				
Accrued liabilities	522,000	522,000	522,000	-

10.2 Financial instruments by categories

	Financial assets at amortized cost	
	2021	2020
	Rupees	Rupees
Assets as per statement of financial position		
Bank balance	1,300,093	202,605

	Financial liabilities at amortized cost	
	2021	2020
	Rupees	Rupees
Liabilities as per statement of financial position		
Accrued liabilities	522,000	522,000

10.3 Offsetting financial assets and financial liabilities

As on the reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts 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. Judgements 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 classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity 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 entity-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.

12 DATE OF AUTHORIZATION

The financial statements were approved on ________________ by the Board of Directors of the Company.

13 IMPACTS OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs), the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its operations. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity and operations, which at this point is not considered to be significant. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on its operations and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

14 CORRESPONDING FIGURES

The corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however no significant re-arrangements have been made.

15 GENERAL

Figures have been rounded off to the nearest of Rupee.

CHIEF EXECUTIVE DIRECTOR