

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIZQ TRUST

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Rizq Trust ("the Trust"), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure, the statement of changes in fund, the statement of cash flows for the year then ended and the 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, 2021, its financial performance and its cash flows for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Auditing Standards (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 Trust 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 of our opinion.

Responsibilities of Management and Board of Trustees for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Trust'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 intend to liquidate the Trust or to cease operation, or has no realistic alternative but to do so.

Board of Trustees are responsible for overseeing the Trust'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.



ATHER, RASOOL, IMRAN & CO.
CHARTERED ACCOUNTANTS

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 Trust'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 Trust'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 Trust 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 Trustees 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.

The engagement partner on the audit resulting in this independent auditor's report is Faisal Masood Afzal.

Ather Rasool Imran & Co

Ather, Rasool, Imran and Co.
Chartered Accountants
Lahore
Dated: December 10, 2021

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Islamabad.

**RIZQ TRUST
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Operating assets	5	<u>1,158,875</u>	<u>1,379,316</u>
CURRENT ASSETS			
Food items stock		72,019	-
Advances, deposits and prepayments	6	3,570,022	33,991
Cash and bank balances	7	60,895,595	3,431,212
		<u>64,537,636</u>	<u>3,465,204</u>
		<u>65,696,511</u>	<u>4,844,520</u>
FUND & LIABILITIES			
FUND			
Accumulated fund		<u>61,967,619</u>	<u>3,617,668</u>
CURRENT LIABILITIES			
Accrued and other liabilities	8	1,206,352	146,250
Provision for taxation		2,522,540	1,080,602
		<u>3,728,892</u>	<u>1,226,852</u>
CONTINGENCIES AND COMMITMENTS	9	-	-
		<u>65,696,511</u>	<u>4,844,520</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

Rubhsana Gzkm -
PRESIDENT

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SECRETARY FINANCE

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RIZQ TRUST
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021

	Note	Restricted Fund Rupees	General Fund Rupees	2021 Rupees	2020 Rupees
Income					
Donations - in cash	10	34,539,989	78,967,917	113,507,906	10,919,807
Donations - in kind	11	-	1,276,728	1,276,728	14,979,516
		<u>34,539,989</u>	<u>80,244,645</u>	<u>114,784,634</u>	<u>25,899,323</u>
Expenditure					
Operating expenses	12	-	45,188,133	45,188,133	19,312,652
Administrative expenses	13	-	9,461,556	9,461,556	1,769,172
Finance cost		-	343,056	343,056	119,229
		-	<u>54,992,745</u>	<u>54,992,745</u>	<u>21,201,053</u>
Surplus before taxation		<u>34,539,989</u>	<u>25,251,900</u>	<u>59,791,889</u>	<u>4,698,269</u>
Provision for taxation	14	-	1,441,938	1,441,938	1,080,602
Surplus for the year		<u>34,539,989</u>	<u>23,809,962</u>	<u>58,349,951</u>	<u>3,617,668</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

Rukhsana Dzhov
 PRESIDENT

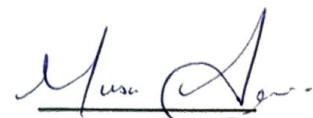
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 SECRETARY FINANCE

RIZQ TRUST
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating surplus before tax	59,791,889	4,698,269
Adjustments for non-cash items:		
Less: Addition in donated fixed assets	-	(1,404,700)
Add: Depreciation expense	302,841	25,384
Operating surplus before working capital changes	60,094,730	3,318,954
Changes in working capital:		
Increase in food items stock	(72,019)	-
Increase in advances, deposits and prepayments	(3,536,031)	(33,991)
Increase in accrued and other liabilities	1,060,102	146,250
Cash generated from operations	57,546,782	3,431,212
Income taxes paid	-	-
Net cash generated from operating activities	57,546,782	3,431,212
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for operating assets	(82,400)	-
Net cash used in investing activities	(82,400)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net increase in cash and cash equivalents	57,464,382	3,431,212
Cash and cash equivalents at beginning of the year	3,431,212	-
Cash and cash equivalents at end of the year	60,895,595	3,431,212

The annexed notes from 1 to 17 form an integral part of these financial statements.


PRESIDENT


SECRETARY FINANCE

**RIZQ TRUST
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Restricted Fund	General Fund	Accumulated Fund
	----- (Rupees) -----		
Balance as at February 13, 2020	-	-	-
Surplus for the year	-	3,617,668	3,617,668
Balance as at June 30, 2020	<u>-</u>	<u>3,617,668</u>	<u>3,617,668</u>
Surplus for the year	34,539,989	23,809,962	58,349,951
Balance as at June 30, 2021	<u>34,539,989</u>	<u>27,427,630</u>	<u>61,967,619</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

Rukhsar Ghzhu -
PRESIDENT

Musa Awan
SECRETARY FINANCE

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RIZQ TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND OPERATIONS

1.1 The Rizq Trust ("the Trust") was registered on February 13, 2020 under the Trust Act, 1882, with the objective to establish, run and manage food banks to distribute food at subsidized rates or free of cost to underprivileged people, provision of health awareness and promotion especially among poor and oppressed communities.

1.2 The Trust is a people-powered social enterprise focused on making food philanthropy convenient for those who want to manifest compassion and food accessible for those in need.

Rizq mobilizes and enables various stakeholders in the food ecosystem, including donors, young individuals, corporates, grassroots organizations, and community networks to fight the root causes of hunger to promote food justice and create self-sustaining communities. In order to provide different access channels to relevant stakeholders, the Trust has designed multiple programs which cater to a particular aspect of food insecurity.

Rizq Bachao:

Rizq Bachao marks the flagship program of Rizq and the one that helped the Trust set foot in the ground of philanthropy. This program helps to channelize excess food produced across different points of the supply chain to deserving people so that it does not get wasted.

Rizq Ration:

Rizq Ration is a food safety program which provides families enrolled on our incubation list with enough food supplies to make the family food secure for an entire month. The selection of beneficiaries is done after a rigorous evaluation through a poverty scorecard. Priority is given to widows, senior citizens, differently abled people and orphans.

Rizq Daig:

This program is used to distribute one time meal to deserving people in the Rizq verified communities. The food is distributed through our network of partner NGOs.

1.3 The registered office of the Trust is located at 40-Commercial Area, Cavalry Ground, Lahore.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with 'Accounting Standard for Not for Profit Organisations (NPOS)' and 'Accounting and Financial Reporting Standards for Small Sized Entities (AFRS for SSEs)' as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Basis Of Measurement

These financial statements have been prepared under historical cost convention.

3.2 Functional And Presentation Currency

These financial statements are presented in Pakistan Rupees (Rupees), which is also the Trust's functional currency.

3.3 Going Concern Assumption

These financial statements have been prepared on going concern basis without any adjustments to assets and liabilities based on operation results and future projections. The management is also confident of generating surplus fund through streamlining the operations of the Trust.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting and accordingly reflects all significant receivables, payables, and other liabilities.

4.2 Operating Assets

Operating assets are recognized as an asset, if and only if it is probable that, future economic benefits associated with the item will flow to the trust, and the cost of the item can be measured reliably. Operating assets are stated at cost less accumulated depreciation. Depreciation on operating assets is provided on reducing balance method to write off the cost of an asset over its estimated useful life at the rates mentioned in note 5.

For a contributed asset, cost is considered to be fair value at the date of contribution. Full depreciation is charged for the month of purchase and no depreciation is charged for the month in which an asset is disposed off.

4.3 Inventories

Inventory of contributed material is initially recognized at fair value. Inventory items that are held for distribution at no or normal charges are measured at the lower of cost and net realizable value.

4.4 Revenue Recognition

Contributions from donors are recognized as revenue using "Restricted Fund method". In this method, restricted contributions are recognized as restricted fund due to the restrictions on these donations relevant to specific activities of the Trust. All other donations are treated as general fund.

Contributed material or services are recognized as revenue if and only if the fair value of these contributions can reliably be measured. The materials and services are used in the normal course of the Trust's operations and would otherwise have been purchased.

4.5 Donation In Kind

Donated assets and other non-cash donations are recorded as contributions at their fair values at the date of donation.

4.6 Grant Recognition

The grant amount is made a part of revenue on the receipt basis.

4.7 General Fund

This is a general purpose unrestricted fund. All donations other than those for specific purpose are recognized in this fund.

Restricted Fund

This is a fund created to fulfill the obligations imposed by the donors and to fulfill the aim and objectives of the Trust as approved by the Board of Trustees.

4.8 Cash and Cash Equivalent

Cash and cash equivalents comprises cash in hand, cash at bank on current, saving and deposit accounts and other short term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

4.9 Accrued and Other Payables

Liabilities for accrued and other payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

4.10 Donation Recognition

Donations are recognized when it is probable that the economic benefits associated with the transactions will flow to the trust and the amount of donation can be measured reliably.

4.11 Expenditures

Expenditures on various social activities are recorded by the Trust when they are incurred.

4.12 Related Party Transactions

Transactions with related parties are priced at comparable uncontrolled market price.

Parties are said to be related if they are able to influence the operating and financial decision of the Trust and vice versa keeping in view the definition of related party as defined in Guideline for Accounting and Financial Reporting by Non-Government Organizations (NGOs) / Non-Profit Organizations (NPOs).

4.13 Estimation Uncertainty

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 examine its judgment in the process of applying the Trust's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experiences, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Trust's financial statements and where judgment was exercised in the application of relevant accounting policies are estimation of depreciation on operating fixed assets of the Trust.

4.14 Taxation

Tax liability is the amount of tax payable on taxable income for the year using tax rates enacted or substantively enacted by the reporting date. Provision for taxation is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any.

RIZQ TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

5 OPERATING ASSETS

Class of assets	FOR THE YEAR ENDED JUNE 30, 2021									
	Cost			Depreciation rate	Accumulated Depreciation			Net Book Value		
	As at July 1, 2020	Additions	Deletions		As at June 30, 2021	For the year	As at June 30, 2021			
IT Equipment	626,000	23,500	-	30%	(15,650)	(186,036)	(201,686)	447,814		
Furniture and Fixture	437,500	58,900	-	15%	(5,469)	(65,625)	(71,094)	425,306		
Office Equipment	341,200	-	-	15%	(4,265)	(51,180)	(55,445)	285,755		
Total	1,404,700	82,400	-		(25,384)	(302,841)	(328,225)	1,158,875		

Class of assets	FOR THE PERIOD ENDED JUNE 30, 2020									
	Cost			Depreciation rate	Accumulated Depreciation			Net Book Value		
	As at Feb 13, 2020	Additions	Deletions		As at June 30, 2020	For the period	As at June 30, 2020			
IT Equipment	-	626,000	-	30%	-	(15,650)	(15,650)	610,350		
Furniture and Fixture	-	437,500	-	15%	-	(5,469)	(5,469)	432,031		
Office Equipment	-	341,200	-	15%	-	(4,265)	(4,265)	336,935		
Total	-	1,404,700	-		-	(25,384)	(25,384)	1,379,316		

5.1 The Trust is using few food collection & distribution vehicles provided by donors. These vehicles have not been recognized as assets in these financial statements as the Trust does not have ownership rights. However, vehicle running and maintenance expenses are borne by the Trust.

2021

	Note	2021 Rupees	2020 Rupees
6 ADVANCES, DEPOSITS, AND PREPAYMENTS			
Security deposits		200,000	-
Advance to vendor		2,826,883	-
Advance income tax		543,139	33,991
		<u>3,570,022</u>	<u>33,991</u>
7 CASH AND BANK BALANCES			
Cash at bank - current account		60,822,328	3,431,212
Cash in hand		73,267	-
		<u>60,895,595</u>	<u>3,431,212</u>
8 ACCRUED AND OTHER LIABILITIES			
Audit fee payable		160,875	146,250
Accrued liabilities		986,157	-
Income tax WHT payable		59,320	-
		<u>1,206,352</u>	<u>146,250</u>
9 CONTINGENCIES AND COMMITMENTS			
There are no contingencies and commitments as at June 30, 2021 (June 30, 2020: NIL).			
10 DONATIONS - IN CASH	Note	2021 Rupees	2020 Rupees
General fund		78,967,917	10,919,807
Restricted fund	10.1	34,539,989	-
		<u>113,507,906</u>	<u>10,919,807</u>
10.1	The Trust has been operating a food bank in Lahore since its inception where excess food from various hotels, restaurants and other food organizations is collected, segregated and then distributed among the needy families. These funds have been received from various donors to establish and operate new food banks in other cities of the country. Subsequent to the year end, a new food bank has been established in Karachi.		
11 DONATIONS - IN KIND	Note	2021 Rupees	2020 Rupees
Food donations	11.1	1,276,728	13,574,816
Equipment received		-	1,404,700
		<u>1,276,728</u>	<u>14,979,516</u>
11.1	These include food donations from various organizations of which fair value can be reasonably estimated. Apart from these, food donations are also received from about 20-25 organizations and distributed among needy families however due to non-availability of reasonable fair value, these have not been assigned any value.		
12 OPERATING EXPENSES	Note	2021 Rupees	2020 Rupees
RIZQ Ration program		19,226,328	-
RIZQ Daig program		3,502,429	-
RIZQ Relief program		8,544,996	19,312,652
RIZQ Qurbani program		6,881,905	-
RIZQ Bachao program		4,800,000	-
Other direct operating costs		2,232,475	-
		<u>45,188,133</u>	<u>19,312,652</u>

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	Note	2021 Rupees	2020 Rupees
13 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		4,883,540	1,597,538
Fee & subscription		776,668	-
Marketing expenses		498,361	-
Rents, rates & taxes		816,528	-
Utilities cost		728,149	-
Printing and stationery		108,770	-
Repair and maintenance		266,195	-
Legal and professional fee		157,500	-
Travelling & conveyance		219,728	-
Entertainment		412,511	-
Audit fee		160,875	131,250
Depreciation	5	302,841	25,384
Miscellaneous expenses		129,890	15,000
		<u>9,461,556</u>	<u>1,769,172</u>

14 PROVISION FOR TAXATION

The Trust is registered as Not-For-Profit organization under section 2(36) of the Income Tax Ordinance, 2001 since January 29, 2021. Therefore, the income of the Trust after the said date is subject to hundred percent tax credit under section 100C of Income Tax Ordinance, 2001. For initial period of seven months, the tax liability has been worked out by treating the Trust as a small company as per Income Tax Ordinance, 2001.

	2021 Rupees	2020 Rupees
Reconciliation of tax liability		
Opening balance	1,080,602	-
Tax expense for the year / period	1,441,938	1,080,602
Tax paid for the year / period	-	-
	<u>2,522,540</u>	<u>1,080,602</u>

15 TRANSACTION WITH RELATED PARTIES

There were no related party transactions during the year.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Trustees in their meeting held on 10 Dec 2021

17 GENERAL

Figures in these financial statements have been rounded off to nearest rupee.

Ruchina Ghosh
PRESIDENT

M. S. Ghosh
SECRETARY FINANCE

2021