

## 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, 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 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, 2022, 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 for 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.

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 and Co.**

Chartered Accountants

Lahore

Dated: February 10, 2023

UDIN: AR202210316piz4O9RHV



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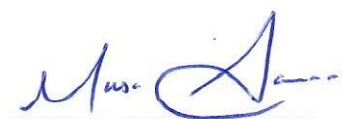
Office No 14, 2nd Floor,  
Jamal Plaza 7-Q, F-10 Markaz  
Islamabad.

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

		2022	2021
	Note	(Rupees)	(Rupees)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating assets	5	15,911,792	1,158,875
Intangible assets	6	5,555,687	-
		<b>21,467,480</b>	<b>1,158,875</b>
<b>CURRENT ASSETS</b>			
Inventories	7	394,677	72,019
Advances, deposits and prepayments	8	13,932,961	3,570,022
Other receivables	9	139,000	-
Cash and bank balances	10	102,715,499	60,895,595
		<b>117,182,137</b>	<b>64,537,636</b>
<b>TOTAL ASSETS</b>		<b>138,649,617</b>	<b>65,696,511</b>
<b>FUND &amp; LIABILITIES</b>			
<b>FUND</b>			
Accumulated fund		<b>132,017,732</b>	<b>61,967,619</b>
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	11	4,109,345	1,206,352
Provision for taxation		2,522,540	2,522,540
		<b>6,631,885</b>	<b>3,728,892</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	-	-
<b>TOTAL FUND &amp; LIABILITIES</b>		<b>138,649,617</b>	<b>65,696,511</b>

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

  
Chairman

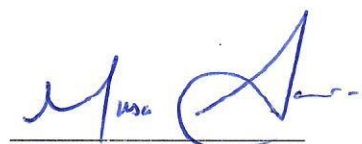
  
SECRETARY FINANCE

RIZQ TRUST  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2022

	Note	Restricted Fund Rupees	General Fund Rupees	2022 Rupees	2021 Rupees
<b>Income</b>					
Donations - in cash	13	42,918,550	172,957,015	215,875,565	113,507,906
Donations - in kind	14	-	1,163,981	1,163,981	1,276,728
		<u>42,918,550</u>	<u>174,120,996</u>	<u>217,039,546</u>	<u>114,784,634</u>
<b>Expenditure</b>					
Operating expenses	15	24,889,410	99,689,221	124,578,631	45,188,133
Administrative expenses	16	-	21,518,356	21,518,356	9,461,556
Finance cost		-	892,446	892,446	343,056
		<u>24,889,410</u>	<u>122,100,023</u>	<u>146,989,433</u>	<u>54,992,745</u>
<b>Surplus before taxation</b>		<u>18,029,140</u>	<u>52,020,973</u>	<u>70,050,113</u>	<u>59,791,889</u>
Taxation	17	-	-	-	1,441,938
<b>Surplus for the year</b>		<u>18,029,140</u>	<u>52,020,973</u>	<u>70,050,114</u>	<u>58,349,952</u>

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

  
Chairman

  
SECRETARY FINANCE

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

	Restricted Fund	General Fund	Accumulated Fund
	----- (Rupees) -----		
Balance as at June 30, 2020	-	3,617,668	3,617,668
Surplus for the year	34,539,989	23,809,962	58,349,951
<b>Balance as at June 30, 2021</b>	<b>34,539,989</b>	<b>27,427,630</b>	<b>61,967,619</b>
Surplus for the year	18,029,140	52,020,973	70,050,113
<b>Balance as at June 30, 2022</b>	<b>52,569,129</b>	<b>79,448,603</b>	<b>132,017,732</b>

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

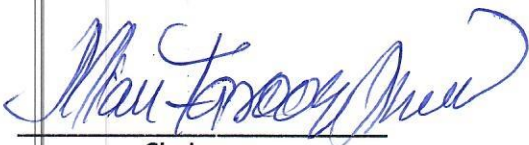
  
Chairman

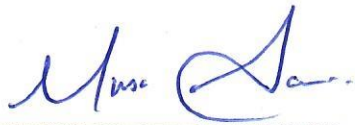
  
SECRETARY FINANCE

RIZQ TRUST  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2022

	2022 <u>(Rupees)</u>	2021 <u>(Rupees)</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Surplus before taxation	70,050,113	59,791,889
Adjustments of non-cash items:		
Less: Donated material recognized as expense	(1,163,981)	(14,979,516)
Add: Distribution of donated material recognized as expense	1,163,981	14,979,516
Depreciation and amortization	1,379,176	302,841
	<u>71,429,289</u>	<u>60,094,730</u>
<b>Changes in working capital:</b>		
<b>Increase in current assets</b>		
Inventories	(322,658)	(72,019)
Advances, deposits and prepayments	(10,362,939)	(3,536,031)
Other receivables	(139,000)	-
<b>Increase in current liabilities</b>		
Accrued and other payables	2,902,993	1,060,102
<b>Cash generated from operations</b>	<u>63,507,685</u>	<u>57,546,782</u>
Income taxes paid	-	-
<b>Net cash generated from operating activities</b>	<u>63,507,685</u>	<u>57,546,782</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Payments for acquisition of operating assets	(16,132,093)	(82,400)
Payments for development of intangibles	(5,555,687)	-
<b>Net cash used in investing activities</b>	<u>(21,687,780)</u>	<u>(82,400)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
<b>Net cash generated from financing activities</b>	-	-
Net increase in cash and cash equivalents	41,819,904	57,464,382
Cash and cash equivalents at beginning of the year	60,895,595	3,431,212
<b>Cash and cash equivalents at end of the year</b>	<u>102,715,499</u>	<u>60,895,595</u>

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

  
Chairman

  
SECRETARY FINANCE

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

**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.

Rizq Khana:

This program is also used to prepare and distribute meals to deserving people on different locations of Lahore.

- 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 Organizations (NPOS).

**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.

RIZQ TRUST

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

5 Operating assets

Class of assets	FOR THE YEAR ENDED JUNE 30, 2022									
	Cost			Depreciation Rate	Accumulated Depreciation			Net Book Value		
	As at July 1, 2021	Additions	Deletions		As at June 30, 2022	For the year	As at June 30, 2022			
<b>Leased Assets:</b>										
Building	-	5,652,308	-	5,652,308	10%	-	(224,444)	(224,444)		5,427,864
<b>Owned Assets:</b>										
Vehicles	-	5,282,035	-	5,282,035	15%	-	(478,083)	(478,083)		4,803,952
IT equipment	649,500	709,860	-	1,359,360	30%	(201,686)	(245,118)	(446,804)		912,556
Furniture and fixture	496,400	1,303,981	-	1,800,381	15%	(71,094)	(94,394)	(165,488)		1,634,894
Electrical equipment	-	3,183,909	-	3,183,909	15%	-	(294,275)	(294,275)		2,889,634
Office equipment	341,200	-	-	341,200	15%	(55,445)	(42,863)	(98,308)		242,892
<b>Total</b>	<b>1,487,100</b>	<b>16,132,093</b>	<b>-</b>	<b>17,619,193</b>		<b>(328,225)</b>	<b>(1,379,176)</b>	<b>(1,707,401)</b>		<b>15,911,792</b>

6 Intangible assets

Class of assets	FOR THE YEAR ENDED JUNE 30, 2022									
	Cost			Amortization Rate	Accumulated Amortization			Net Book Value		
	As at July 1, 2021	Additions	Deletions		As at June 30, 2022	for the period	As at June 30, 2022			
<b>Leased Assets:</b>										
Rizq App	-	2,848,266	-	2,848,266	5%	-	-	-		2,848,266
Website	-	2,707,422	-	2,707,422	5%	-	-	-		2,707,422
<b>Total</b>	<b>-</b>	<b>5,555,687</b>	<b>-</b>	<b>5,555,687</b>		<b>-</b>	<b>-</b>	<b>-</b>		<b>5,555,687</b>

6.1 The development of intangibles was completed on 30 June 2022 so no amortization recorded in the financial statements.



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

	Note	2022 (Rupees)	2021 (Rupees)
<b>7 Inventories</b>			
Food items		321,309	72,019
Other consumables		73,368	-
		<u>394,677</u>	<u>72,019</u>
<b>8 Advances, deposits and prepayments</b>			
Security deposits		370,000	200,000
Advance to vendors		12,978,822	2,826,883
Advances to employees		41,000	-
Advance income tax		543,139	543,139
		<u>13,932,961</u>	<u>3,570,022</u>
<b>9 Other receivables</b>			
TCS receivables	9.1	139,000	-
		<u>139,000</u>	<u>-</u>

9.1 This includes the donations collected by TCS from donors on behalf of Rizq Trust.

	Note	2022 (Rupees)	2021 (Rupees)
<b>10 Cash and bank balances</b>			
Cash at bank - current account		102,588,516	60,822,328
Cash in hand		126,983	73,267
		<u>102,715,499</u>	<u>60,895,595</u>
<b>11 Accrued and other payables</b>			
Accrued liabilities		1,976,351	986,157
Withholding tax		198,164	59,320
Other payables		1,514,830	-
Audit fee payable		420,000	160,875
		<u>4,109,345</u>	<u>1,206,352</u>

**12 Contingencies and commitments**

There are no contingencies and commitments as at June 30, 2022 (June 30, 2021: NIL):

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

	Note	2022 (Rupees)	2021 (Rupees)
<b>13 Donations - in cash</b>			
<i>General fund</i>			
RIZQ Ration program		74,779,551	57,371,654
RIZQ Daig program		12,433,720	5,936,284
RIZQ Relief program		36,032,926	4,002,602
RIZQ Qurbani program		12,552,000	6,638,817
RIZQ Bachao program		580,240	850
RIZQ General Fund		36,578,578	5,017,710
		<u>172,957,015</u>	<u>78,967,917</u>
<i>Restricted fund</i>			
RIZQ Khana program		3,639,750	-
RIZQ Relief program		39,278,800	34,539,989
		<u>42,918,550</u>	<u>34,539,989</u>
		<u>215,875,565</u>	<u>113,507,906</u>

13.1 These funds have been received from different donors across the country and abroad. These fund are utilized in different relief programs being carried out under the Trust.

	Note	2022 (Rupees)	2021 (Rupees)
<b>14 Donations - in kind</b>			
Food donations	14.1	1,163,981	1,276,728
		<u>1,163,981</u>	<u>1,276,728</u>

14.1 These include food donations from various organizations of which fair value can reasonably be estimated. Apart from these, food donations are also received from about 20-25 organizations and distributed among needy families however due to Trust's inability to reasonably estimate the fair value for various reasons, those donations have not been assigned any value.

	Note	2022 (Rupees)	2021 (Rupees)
<b>15 Operating expenses</b>			
<i>General funds:</i>			
RIZQ Ration program		62,053,902	19,226,328
RIZQ Daig program		7,994,227	3,502,429
RIZQ Relief program		11,900,209	8,544,996
RIZQ Bachao program		5,372,259	4,800,000
RIZQ Qurbani program		10,503,925	6,881,905
RIZQ Youth program		1,864,698	-
Other direct operating costs		-	2,232,475
		<u>99,689,221</u>	<u>45,188,133</u>
<i>Restricted funds:</i>			
RIZQ Khana program		9,185,130	-
RIZQ Ration program		12,457,070	-
RIZQ Relief program		3,247,210	-
		<u>24,889,410</u>	<u>-</u>
		<u>124,578,631</u>	<u>45,188,133</u>

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

15.1 The Trust has been operating a food bank in Lahore since its inception and established a new food bank in Karachi during the 2022 where excess food from various hotels, restaurants and other food organizations is collected, segregated and then distributed among the needy families. The Trust also distributes rations through these food banks. The Trust started a Rizq Khana program during 2022 in which the Trust established a kitchen in Lahore to prepare food and distribute on different locations of the city. The Trust also performs the relief activities in different areas of the country.

15.2 The operating expenses of the Trust's various programmes are classified as follows:

	Note	2022 (Rupees)	2021 (Rupees)
Cost of food items consumed	15.3	104,084,323	34,517,597
Donation- in kind consumption		1,163,980	1,276,728
Salaries and benefits		10,331,830	6,266,446
Delivery charges		3,521,868	1,310,783
Other charges		3,646,521	1,050,550
Rent		1,830,109	766,029
		<u>124,578,631</u>	<u>45,188,133</u>

**15.3 Cost of food items consumed**

Opening stock		72,016	-
Purchases		104,333,616	34,589,613
Closing stock		(321,309)	(72,016)
		<u>104,084,323</u>	<u>34,517,597</u>

	Note	2022 (Rupees)	2021 (Rupees)
<b>16 Administrative expenses</b>			
Salaries, wages and other		8,436,892	4,883,540
Fee & subscription		718,037	776,668
Marketing expenses		4,690,733	498,361
Rents, rates & taxes		911,627	816,528
Utilities cost		833,728	728,149
Printing and stationery		225,622	108,770
Repair and maintenance		354,285	266,195
Legal and professional fee		894,200	157,500
Travelling & conveyance		1,836,287	219,728
Entertainment		549,187	412,511
Auditors' remuneration	16.1	420,000	160,875
Depreciation		1,379,176	302,841
Miscellaneous expenses		268,582	129,890
		<u>21,518,356</u>	<u>9,461,556</u>

**16.1 Auditors' remuneration**

Audit fee		400,000	144,788
Auditors' out of pocket expenses		20,000	16,088
		<u>420,000</u>	<u>160,875</u>

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

**17 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.

**18 Transactions with related**

There were no related party transactions during the year.

**19 Date of authorization for issue**

These financial statements were authorized for issue by the Board of Trustees in their meeting held on 9 Feb 2023.

**20 General**

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

  
Chairman

  
SECRETARY FINANCE