

**HADEEDIAN ASSOCIATION
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

Nadeem Safdar & Co.

Chartered Accountants

Office No 2, 1st Floor,
VIP Square, I-8 Markaz,
Islamabad, Pakistan
Tel: +92(51)8431604-5
Email: nsafdar@nsco.com.pk
nsafdar66@gmail.com
URL: www.nsco.com.pk

INDEPENDENT AUDITORS' REPORT

To the members of Hadeedian Association Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Hadeedian Association ("the Company"), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure and comprehensive income, the statement of changes in general 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, statement of income and expenditure and comprehensive income, the statement of changes in general 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 June 30, 2021 and of the deficit and other comprehensive deficit, the changes in general 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.

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 statement of comprehensive income, the statement of changes in general 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 Nadeem Safdar.

Nadeem Safdar & Co.

Chartered Accountants

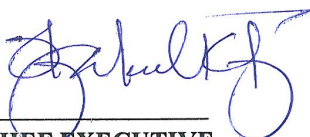
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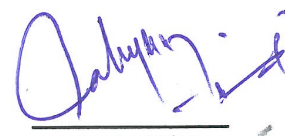
Date: 04 SEP 2021

**HADEEDIAN ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	Note	2021 (Rupees)	2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	34,161	38,311
Current assets			
Cash and bank balances	5	19,203	224,774
		19,203	224,774
		53,364	263,085
FUNDS AND LIABILITIES			
General fund		(405,849)	(172,436)
Restricted fund	6	330,990	330,990
Current liabilities			
Trade and other payable	7	127,600	86,600
Current tax liability	8	623	17,931
		128,223	104,531
Contingencies and commitments	9	53,364	263,085

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


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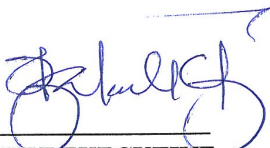

DIRECTOR

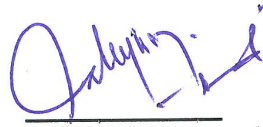
HADEEDIAN ASSOCIATION
STATEMENT OF INCOME AND EXPENDITURE AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees)	2020
Income	10	41,500	1,195,400
Expenditure:			
Program expenses	11	(43,000)	(943,060)
Administrative expenses	12	(231,290)	(237,151)
		(274,290)	(1,180,211)
(Deficit)/Surplus before income tax		(232,790)	15,189
Income tax expense	13	(623)	(101,942)
(Deficit) for the year		(233,413)	(86,753)
Other comprehensive income		-	-
Total comprehensive (deficit)		(233,413)	(86,753)

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

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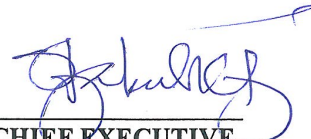

DIRECTOR

**HADEEDIAN ASSOCIATION
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	(Rupees)
Balance as at July 1, 2019	(85,683)
Total comprehensive income	
Deficit for the year	(86,753)
Other comprehensive income	-
Total comprehensive income for the year	(86,753)
Balance as at June 30, 2020	<u>(172,436)</u>
Balance as at July 1, 2020	(172,436)
Total comprehensive income	
Deficit for the year	(233,413)
Other comprehensive income	-
Total comprehensive deficit for the year	(233,413)
Balance as at June 30, 2021	<u><u>(405,849)</u></u>

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

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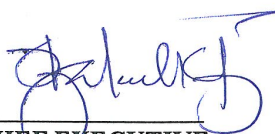

DIRECTOR

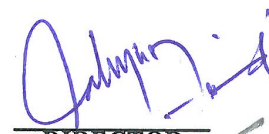
**HADEEDIAN ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 (Rupees)	2020
Cash flows from operating activities			
(Deficit)/surplus before income tax		(232,790)	15,189
Adjustment for non-cash items:			
Depreciation of property, plant and equipment		4,150	4,673
		<u>(228,640)</u>	<u>19,862</u>
Changes in working capital:			
Trade and other payable		41,000	(35,200)
		<u>41,000</u>	<u>(35,200)</u>
Cash generated from operations		<u>(187,640)</u>	<u>(15,338)</u>
Income tax paid		(17,931)	(112,360)
Net cash (outflow) from operating activities		<u>(205,571)</u>	<u>(127,698)</u>
Cash flows from investing activities			
Addition to property and equipment		-	(7,500)
Net cash (outflow) from investing activities		<u>-</u>	<u>(7,500)</u>
Cash flows from financing activities			
Restricted fund-net		-	(600,000)
Net cash (outflow) from financing activities		<u>-</u>	<u>(600,000)</u>
Net (decrease) in cash and cash equivalents		(205,571)	(735,198)
Cash and cash equivalents at the beginning of the year		224,774	959,972
Cash and cash equivalents at the end of the year	5	<u><u>19,203</u></u>	<u><u>224,774</u></u>

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

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CHIEF EXECUTIVE


DIRECTOR

**HADEEDIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Hadeedian Association (the Association) incorporated in Pakistan on January 11, 2011 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) with the name of Hadeedian Association.

The Association's objectives primarily focus on establishing and managing educational institutions to provide facilitate and support education for needy and deserving students. To provide scholarships and gave grants, awards, medals, medicines, educational career support and other incentives for the purposes of advancement of knowledge, education and literacy.

The Association's registered office is situated at office No. 475 - D, Street 58 - A, I-8/3, Islamabad.

2. BASIS OF PREPARATION

2.1 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 for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standard 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 companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Association's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgments and estimates

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

- Useful lives, residual values and depreciation method of property, plant and equipment -Note 3.1 & 4
- Estimation of contingent liabilities - Note 3.9 & 9
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) Note 3.6 & 13

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

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**HADEEDIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment loss (if any).

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the reducing balance method at rates specified in note 4 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the property, plant and equipment is available for use while no depreciation is charged for the month in which the property, plant and equipment is disposed off.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the statement of comprehensive income.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

3.3 Other receivables

Measurement

Other receivables are recognized and carried at transaction price less an allowance for impairment.

Impairment

A provision for impairment of receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in the statement of comprehensive income. Bad debts are written-off in the statement of comprehensive income on identification.

Judgments and estimates

The allowance for doubtful debts of the Association is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realization of these receivables, management considers, among other factors, the credit worthiness and the past collection history of each customer.

3.4 Impairment of financial assets other than trade receivables

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss is recognized immediately in the statement of comprehensive income and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

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**HADEEDIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

3.5 Trade and other payables

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

3.6 Income tax

Income tax comprises of current tax and deferred tax.

Income tax expense is recognized in the statement of comprehensive income except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in other comprehensive income or equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

Deferred tax

A deferred tax liability is recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and the carry forward of unused tax losses.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

3.7 Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

3.8 Provisions

Provisions are recognized when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognized at present value using a pre-tax discount rate. The unwinding of the discount is recognized as finance cost in the statement of comprehensive income

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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**HADEEDIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 provisions recognised in the statement of comprehensive income unless the provision was originally recognised as part of cost of an asset.

3.9 Contingent liabilities

A contingent liability is disclosed when the Association has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Association; or the Association has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.10 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Association has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.11 Revenue recognition

Deferred grant - restricted

Grants receivable for specific purpose are classified as restricted grants. These grants are taken as deferred and are recognized as income on a systematic basis to match them with the related costs which they are intended to compensate. Unspent portion of such grants are transferred to deferred grants (restricted) in the statement of financial position.

Deferred grant - unrestricted

Income received or receivable without any specific condition credited directly to the unrestricted grants for utilization against normal unrestricted expenditures. Any surplus remaining in a restricted grant, upon the completion of the project, has been transferred to unrestricted grant as unrestricted revenue.

Donations

Member's voluntary contributions, donations, fees and income from services etc. are recognized as income where right to receive is established.

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**HADEEDIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

4 Property, plant and equipment

	Furniture and fixture	IT and Communication Equipment	Total
	-----Rupees-----		
Cost	82,432	7,500	89,932
Accumulated depreciation	(50,496)	(1,125)	(51,621)
Carrying amount at July 01, 2020	31,936	6,375	38,311
Depreciation charge for the year	(3,194)	(956)	(4,150)
Carrying amount at June 30, 2021	28,742	5,419	34,161

The carrying amount at June 30, 2021 is aggregate of:

Cost	82,432	7,500	89,932
Accumulated depreciation	(53,690)	(2,081)	(55,771)
	28,742	5,419	34,161

Rate of depreciation per annum (%)	10	15	-
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4.1 Depreciation for the year has been allocated to administrative and general expenses.

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HADEEDIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	(Rupees)	
5 Cash and bank balances			
Cash in hand		7,194	19,765
Cash at bank - current account		<u>12,009</u>	<u>205,009</u>
		<u>19,203</u>	<u>224,774</u>
6 Restricted grants			
Balance at the beginning of year		330,990	930,990
Program expenses during the year	10	<u>-</u>	<u>(600,000)</u>
Balance at the end of year		<u>330,990</u>	<u>330,990</u>

6.1 Restricted fund represents the grants/donations received for student scholarships program.

		2021	2020
	Note	(Rupees)	
7 Trade and other payable			
Accured and other payable		<u>127,600</u>	<u>86,600</u>
		<u>127,600</u>	<u>86,600</u>
8 Current tax liability			
Balance at beginning of year		17,931	28,349
Add: provision made during the year	13	623	101,942
Less: income tax paid/deducted at source during the year		<u>(17,931)</u>	<u>(112,360)</u>
Balance at end of year		<u>623</u>	<u>17,931</u>

9 Contingencies and commitments

There is no contingency and commitment as at statement of financial position date (2020 : Nil).

		2021	2020
	Note	(Rupees)	
10 Income			
Donations/zakat		41,500	595,400
Restricted grants transferred to income	6	<u>-</u>	<u>600,000</u>
		<u>41,500</u>	<u>1,195,400</u>
11 Program expenses			
Student scholarships		-	849,560
Travelling and pocket money		<u>43,000</u>	<u>93,500</u>
		<u>43,000</u>	<u>943,060</u>

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HADEEDIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	(Rupees)	
12 Administrative expenses			
Salaries and benefits		144,000	144,000
Communication expense		17,610	17,540
Medical treatment expense		7,500	-
Printing and stationery		2,430	2,020
Entertainment		-	1,460
Legal and professional fee		55,600	57,710
Travelling expense		-	4,500
Repair and maintenance		-	2,330
Depreciation	4	4,150	4,673
Bank charges		-	2,768
Miscellaneous		-	150
		<u>231,290</u>	<u>237,151</u>
13 Income tax expense			
Provision for tax:			
Current year		623	17,931
Prior year		-	84,011
	8	<u>623</u>	<u>101,942</u>

13.1 During the current year, provision for tax has been made under Section 113 of the Income Tax Ordinance, 2001.

	2021	2020
	(Number)	
14 Number of employees		
Total number of employees at the year end	1	1
Average number of employee during the year	1	1

15 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever, considered necessary, for the purposes of comparison. However, no significant classification has been in these financial statements.

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**HADEEDIAN ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

16 General

Subsequent events

There is no any subsequent event after the reporting date which may affect the going concern of the Company.

Impact of Covid-19

COVID-19 does not have any impact on the carrying amount of assets and liabilities recognized in these financials statements.

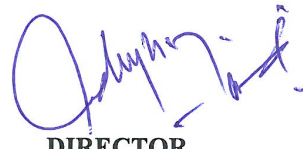
17 Authorization for issue

These financial statements were approved by the Company's board of directors and authorized for issue on -

04 SEP 2021

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CHIEF EXECUTIVE


DIRECTOR