

FINANCIAL STATEMENTS
OF
THARDEEP RURAL DEVELOPMENT PROGRAMME
FOR THE YEAR ENDED
JUNE 30, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THARDEEP RURAL DEVELOPMENT PROGRAMME

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of THARDEEP RURAL DEVELOPMENT PROGRAMME (the Society), which comprise the statement of financial position as at June 30, 2021, Statement of income and expenditure and other comprehensive income, the statement of cash flows, the statement of changes in fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2021 and of its financial performance, changes in fund balances and its cash flows for the year ended in accordance with accounting and reporting standards as applicable in Pakistan.

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 Society 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 annual 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 Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as the Directors determine 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, Directors are responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 08 OCT 2021

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

**THARDEEP RURAL DEVELOPMENT PROGRAMME
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	40,486,472	50,545,002
Intangible assets	5	-	560,697
Long term deposits	6	743,320	743,320
Long term investment	7	-	-
Long term loan	8	400,000,000	400,000,000
		<u>441,229,792</u>	<u>451,849,019</u>
CURRENT ASSETS			
Stock	9	1,537,225	2,018,362
Short term loan	10	-	15,000,000
Advances - net of provisions	11	70,640,433	23,093,750
Interest receivable	12	10,872,601	677,214
Donations receivable	13	45,780,904	43,953,939
Advances, prepayments and other receivables	14	23,186,608	69,685,741
Cash and bank balances	15	659,026,249	1,407,040,320
		<u>811,044,020</u>	<u>1,561,469,326</u>
		<u>1,252,273,812</u>	<u>2,013,318,345</u>
TOTAL ASSETS			
FUNDS AND LIABILITIES			
Funds		697,327,127	664,533,565
NON-CURRENT LIABILITIES			
Deferred income	16	419,669,631	1,223,651,670
Long term loans - secured	17	112,605,622	112,605,622
		<u>532,275,253</u>	<u>1,336,257,292</u>
CURRENT LIABILITIES			
Accrued and other liabilities	18	22,671,432	12,527,488
		<u>1,252,273,812</u>	<u>2,013,318,345</u>
TOTAL FUNDS AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 30 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



TREASURER

**THARDEEP RURAL DEVELOPMENT PROGRAMME
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
INCOME			
Donations and grants	20	1,382,958,464	1,125,976,969
Income from other activities	21	117,169,850	202,518,139
TOTAL INCOME		1,500,128,314	1,328,495,108
EXPENSES			
Programme expenses	22	(1,399,788,394)	(1,189,002,172)
Operating expenses	23	(55,410,786)	(49,045,040)
TOTAL EXPENSES		(1,455,199,180)	(1,238,047,212)
Surplus for the year before taxation		44,929,134	90,447,896
Taxation	24	(12,135,572)	(11,975,825)
Surplus for the year after taxation		32,793,562	78,472,071
Other Comprehensive income		-	-
Total Comprehensive income for the year		32,793,562	78,472,071

The annexed notes 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


TREASURER

**THARDEEP RURAL DEVELOPMENT PROGRAMME
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		32,793,562	78,472,071
Surplus for the year before taxation			
Adjustments for:			
Depreciation	4	13,115,531	13,929,248
Amortisation	5	560,697	1,069,288
Amortisation of deferred income	16	(1,370,038,042)	(1,089,728,870)
Tax expense		12,135,572	11,975,825
Reversal / provision against advances	11	(5,958,654)	10,562,678
Financial charges	23.3	4,770,062	4,100,739
Interest income	21	(58,098,214)	(157,039,107)
		<u>(1,370,719,486)</u>	<u>(1,126,658,128)</u>
Working capital changes			
Decrease / (increase) in current assets:			
Stocks		481,137	160,364
Donations receivable		(1,826,965)	(33,411,854)
Advances, prepayments and other receivables		46,499,133	(37,724,420)
		45,153,305	(70,975,910)
Decrease / (increase) in current liabilities			
Accrued and other liabilities		10,143,944	(13,648,896)
Cash used in operations		(1,315,422,237)	(1,211,282,934)
Advances against loans - disbursed	11	(101,779,000)	(38,703,000)
Advances against loans - recovered	11	60,190,971	92,122,240
Grant received - net of refunds		566,056,003	1,900,615,659
Tax paid		(12,135,572)	(11,975,825)
Interest received		47,902,826	157,010,232
Net cash (used in) / generated from from operating activities		<u>(755,187,009)</u>	<u>887,786,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(3,057,001)	(12,691,860)
Short term loan		15,000,000	-
Net cash generated from / (used in) investing activities		11,942,999	(12,691,860)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial charges paid and net cash used in financing activities		(4,770,061)	(4,100,739)
Net (decrease) / increase in cash and cash equivalents		(748,014,071)	870,993,773
Cash and cash equivalents at beginning of the year		1,407,040,320	536,046,547
Cash and cash equivalents at end of the year	15	<u>659,026,249</u>	<u>1,407,040,320</u>

The annexed notes 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


TREASURER

**THARDEEP RURAL DEVELOPMENT PROGRAMME
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

Particulars	General fund	Pool for Prime Minister interest free loan	Endowment fund	Revolving pool for livestock	Total funds
	----- Rupees -----				
Balance as at July 01, 2019	148,381,494	2,680,000	430,000,000	5,000,000	586,061,494
Surplus for the year	78,472,071	-	-	-	78,472,071
Balance as at June 30, 2020	226,853,565	2,680,000	430,000,000	5,000,000	664,533,565
Surplus for the year	32,793,562	-	-	-	32,793,562
Balance as at June 30, 2021	259,647,127	2,680,000	430,000,000	5,000,000	697,327,127

The annexed notes 1 to 30 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


TREASURER

**THARDEEP RURAL DEVELOPMENT PROGRAMME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. STATUS AND NATURE

Thardeep Rural Development Programme (TRDP) (the Society) is an integrated rural development programme. It was initially established as Tharparkar Rural Development Project by Save the Children Fund (UK) in 1987 in response to four years of drought in Thar Desert in Sindh. Swiss Development Cooperation (SDC) and Save the Children Fund (UK) Islamabad entered into an agreement to support and contribute towards the activities of Thardeep Rural Development programme Mithi (Tharparkar). This agreement was signed on May 07, 1995. On July 13, 1998 the Programme was registered under the Societies Act, 1860 with the Provincial Assistant Registrar Joint Stock Companies, Hyderabad region. The registered office of the Society is located near Dargah Hussain Shah Siran, Mithi.

The geographical area of the Society is spread over the arid zone of five districts of Sindh i.e. Tharparkar, Umerkot, Dadu, Tandoallahyar and Jamshoro. To operate its programme in the area, the Society has 5 district offices each at Tharparkar, Umerkot, Dadu, Tandoallahyar and Sanghar, and head office at Mithi town. There are 14 field units in different villages and towns of five districts to assist the regions. The Society has established an office in Karachi to coordinate administrative matters of head office.

The Society's main activities are broadly aimed to:

- a) Community organization through social mobilization;
- b) Promoting community investment for income generation and sustainable livelihood;
- c) Food security and programme for improved nutrition in Sindh;
- d) Promoting elementary education and child protection through public private partnership;
and
- e) Promoting social environmental safe guard.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standard (IFRSs) for Small and Medium-sized Entities issued by International Accounting Standards Board and the Accounting Standards for Not for Profit Organizations (NPOs) issued and as notified by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of preparation

These financial statements are prepared under historical cost convention without any adjustment for the effect of inflation or current values.

These financial statements have been prepared by following accrual basis of accounting except for cash flows information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Society's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied unless otherwise stated.

3.1 Deferred income

Grant and donations received for specific purpose are presented in the statement of financial position as deferred income and recognized in the statement of income and expenditure and other comprehensive income on a systematic basis over the period in which the Society recognises as expense the related cost for which the grant and donations is intended to compensate.

3.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated by applying the straight-line method over the estimated useful life of the assets as disclosed in note 4 of these financial statements.

Depreciation in respect of additions and disposal made during the year is charged from the month of acquisition and up to the month preceding the month of disposal.

Maintenance and normal repairs are charged to statement of income and expenditure and other comprehensive income account as and when incurred. Major repairs and improvements are capitalized.

Gains and losses on disposal of assets are included in statement of income and expenditure currently.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded when these assets are available for use using straight line method whereby the cost of an intangible asset is written off over its estimated useful life as disclosed in note 5 of these financial statements.

3.4 Stocks

These are valued at lower of the cost or net realizable value determined except drought and community physical infrastructure materials received as donations in kind which are recorded at fair value at the time of receipt of donations as disclosed in note 9 of these financial statements.

3.5 Advances - net of provision

These loans represent actual cash disbursements to borrowers, which require repayment. Loans are accounted for as receivables after funds have been disbursed. They are carried at fair value of outstanding principal amount as disclosed in note 11 and accrued interest based on the contractual interest rate. When a loan becomes non-performing all interest previously accrued on the loan is reversed for financial reporting purposes.

3.6 Provision for potential losses against advances

Provision for potential losses against advances are determined based on the approved policy by Board of Directors of the Society.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances in current and saving accounts.

3.8 Cash and bank balance

Cash in hand and cash at banks are carried at nominal amount.

3.9 Financial instruments

3.9.1 Financial assets

The Society classifies its financial assets as the loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Society as at the statement of financial position date are carried as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the statement of financial position, which are classified as non-current assets. The Society's loans and receivables comprise 'advances - net of provision', 'advances and deposits', 'other receivables' and 'cash and cash equivalents' in the statement of financial position.

Impairment

At the end of each reporting period, The Society assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

3.9.2 Financial liability

All financial liabilities are recognized at the time when the Society becomes a party to the contractual provisions of the instrument.

3.10 Impairment of non- financial assets

The carrying amount of the Society assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in the statement of income and expenditure and other comprehensive income account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each reporting date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the statement of income and expenditure and other comprehensive income account.

3.11 Funds

The Society maintains following funds which are classified under the following heads:

3.11.1 General fund

This fund represents surplus of income over expenditures accumulated over the years.

3.11.2 Carried forward funds

These are provided by different partners of the Society with a broad-spectrum to provide funds to assist the Society to meet its objectives. The Society manages these funds through separate bank accounts established for this purpose. Following are the funds:

Fund	Donor	Purpose
Revolving pool for livestock	Jannum network	Financial support of women from poor households devastated by the flood and to build assets of vulnerable families in Umerkot district through disbursement of soft loan for livestock assets.
Endowment fund	Reserve fund	Funds allocated from the Society's income to be invested in the government schemes / bonds, commercial banks as term deposit receipt to generate income to meet the revenue and capital expenditures of the Society.

3.12 Revenue recognition

Donations received in cash and without any specific condition attached are recognized as income. Donations received for specific purpose are presented in statement of financial position as deferred income and recognized in the statement of income and expenditure and other comprehensive income on a systematic basis over the period in which the Society recognizes as expense the related cost for which the donation is intended to compensate. Donations for purchase of property and equipment and donation received in kind are taken to deferred income.

Grant that becomes receivable as compensation for expenses or losses already incurred in conformity with donor agreements is recognized as income in the period in which it becomes receivable.

Income on loan, investments and bank deposits are recognized on accrual basis using effective interest method.

Fee for documentation charges and other income is recognized on accrual basis.

3.13 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the statement of financial position date are expressed in rupees at the rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange gains and losses are included in income currently.

3.14 Taxation

The Society is registered with the income tax authorities as not for profit organisation under section 2(36) (c) of the Income Tax Ordinance, 2001 read with Rule 212 and 220 of the Income Tax Rules, 2002. The Society does not account for taxation, as not for profit organisations are allowed a tax credit equal to one hundred percent (100%) of the tax payable including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001.

3.15 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily evident from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. The assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. Significant areas requiring the use of management estimates in these financial statements relate to following;

- Useful lives of property and equipment
- Impairment on financial assets
- Provisions against doubtful loans

4. PROPERTY AND EQUIPMENT

Particulars	2021						
	Owned						
	Free hold land	Building on free hold land	Furniture and fixtures	Office equipment	Computer	Vehicles	Total
	----- Rupees -----						
Year Ended June 30, 2021							
Opening net book value	1,272,925	19,578,830	5,709,801	5,751,684	2,415,933	15,815,829	50,545,002
Additions	-	-	218,785	514,316	2,323,900	-	3,057,001
Depreciation charge	-	(1,571,268)	(1,065,999)	(2,278,301)	(1,734,887)	(6,465,076)	(13,115,531)
Closing net book value	1,272,925	18,007,562	4,862,587	3,987,699	3,004,946	9,350,753	40,486,472
As at June 30, 2021							
Cost	1,272,925	31,425,357	17,261,555	30,966,514	29,014,271	98,517,958	208,458,580
Accumulated depreciation	-	(13,417,795)	(12,398,968)	(26,978,815)	(26,009,325)	(89,167,205)	(167,972,108)
Net book value	1,272,925	18,007,562	4,862,587	3,987,699	3,004,946	9,350,753	40,486,472
Rate of depreciation (%)	-	5	10	20	33.33	20	-

Particulars	2020						
	Owned						
	Free hold land	Building on free hold land	Furniture and fixtures	Office equipment	Computer	Vehicles	Total
	----- Rupees -----						
Year Ended June 30, 2020							
Opening net book value	1,272,925	21,150,098	4,999,429	5,162,253	3,710,193	15,487,492	51,782,390
Additions	-	-	1,735,900	2,747,890	1,076,170	7,131,900	12,691,860
Depreciation charge	-	(1,571,268)	(1,025,528)	(2,158,459)	(2,370,430)	(6,803,563)	(13,929,248)
Closing net book value	1,272,925	19,578,830	5,709,801	5,751,684	2,415,933	15,815,829	50,545,002
As at June 30, 2020							
Cost	1,272,925	31,425,357	17,042,770	30,452,198	26,690,371	98,517,958	205,401,579
Accumulated depreciation	-	(11,846,527)	(11,332,969)	(24,700,514)	(24,274,438)	(82,702,129)	(154,856,577)
Net book value	1,272,925	19,578,830	5,709,801	5,751,684	2,415,933	15,815,829	50,545,002
Rate of depreciation (%)	-	5	10	20	33.33	20	-

4.1 The above include fully depreciated assets costing Rs. 116,273,444 (2020: Rs. 102,733,524).

4.2 The depreciation charge for the year has been allocated as follows:

	Note	2021 Rupees	2020 Rupees
Programme expenses			
Community physical infrastructure expenses	22.1	1,576,792	1,674,620
Disaster and preparedness management unit expenses	22.2	1,576,792	1,674,620
Social mobilization programme expenses	22.3	3,654,780	3,881,530
Monitoring and evaluation expenses	22.4	1,576,792	1,674,620
Social services sector expenses	22.5	1,576,792	1,674,620
		9,961,948	10,580,010
Operating expenses			
Administration expenses	23.1	3,153,584	3,349,239
		<u>13,115,532</u>	<u>13,929,249</u>

5. INTANGIBLE ASSETS

Net carrying value

Net book value at July 01,		560,697	1,629,985
Additions at cost		-	-
Amortisation charge for the year	23.1	(560,697)	(1,069,288)
Net book amount at June 30		<u>-</u>	<u>560,697</u>

Gross carrying value

Cost		7,355,812	7,355,812
Accumulated amortization		(7,355,812)	(6,795,115)
Balance at June 30		<u>-</u>	<u>560,697</u>

Rate of amortisation (%)		<u>33</u>	<u>33</u>
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5.1 Intangible assets comprise of Financial Information System (FIS) for accounting and financial reporting.

6. LONG TERM DEPOSITS

Government of Sindh	6.1	500,000	500,000
Pakistan State Oil		163,320	163,320
Vehicle to district court		50,000	50,000
Other		30,000	30,000
		<u>743,320</u>	<u>743,320</u>

6.1 This includes security deposit paid to Government of Sindh against Nangarparkar Tourism Complex.

	Note	2021 Rupees	2020 Rupees
7. LONG TERM INVESTMENT			
Investment in subsidiary - at cost	7.1	23,800,000	23,800,000
Impairment on investment		<u>(23,800,000)</u>	<u>(23,800,000)</u>
		<u>-</u>	<u>-</u>

7.1 This represent 2,380,000 (2020: 2,380,000) ordinary shares of Rs. 10 each constituting 59.59% (2020: 59.59%) holding in Micro Drip (Private) Limited. This investment was impaired as Micro Drip (Private) Limited is no longer operational.

8. LONG TERM LOANS

Thardeep Microfinance Foundation	8.1	<u>400,000,000</u>	<u>400,000,000</u>
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8.1 This represents consideration against net assets of microfinance segment of the Programme which were transferred in 2017 to a newly formed Company named Thardeep Microfinance Foundation. The loan is extended for a period of 3 years through agreement dated June 19, 2021. The interest rate is six months KIBOR plus 3% at the cap of 10% per annum.

General Body of the Society, in its meeting held on January 03, 2016, decided and approved to spin off the microfinance operation of the Society and form a separate company to carry out these operations. Accordingly, on October 06, 2017 the Society spun off and vested its microfinance operations in Thardeep Microfinance Foundation (TMF) which is a company limited by guarantee and not having share capital.

9. STOCK

Carpets and handicrafts		<u>1,537,225</u>	<u>2,018,362</u>
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10. SHORT TERM LOAN

Thardeep Microfinance Foundation	10.1	<u>-</u>	<u>15,000,000</u>
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10.1 This represents unsecured loan at the rate of 6 month KIBOR+3% with floor of 9.5% per annum (2020: 6 months KIBOR+3% with floor of 9.5% per annum) to Thardeep Microfinance Foundation, a related party. The interest payment was made on monthly basis and the loan was receivable within 12 months period.

11. ADVANCES - NET OF PROVISION

	2021		
	-----Rupees-----		
	PMIF loan*	Jannum* advances	Total
Advances - gross	80,641,627	4,961,786	85,603,413
Provisions for doubtful advances	(13,595,628)	(1,367,353)	(14,962,981)
Advances - net of provision	<u>67,045,999</u>	<u>3,594,434</u>	<u>70,640,433</u>
Movement of advance as follows:			
Balance at July 01,	38,893,595	5,121,789	44,015,384
Disbursement during the year	101,779,000	-	101,779,000
Recovery during the year	(60,030,968)	(160,003)	(60,190,971)
Balance at June 30,	<u>80,641,627</u>	<u>4,961,786</u>	<u>85,603,413</u>
Movement of provision as follows:			
Balance at July 01,	20,658,526	263,108	20,921,634
Reversal in provision	(7,062,898)	-	(7,062,898)
Provision during the year	-	1,104,245	1,104,245
Balance at June 30,	<u>13,595,628</u>	<u>1,367,353</u>	<u>14,962,981</u>

* These advances are interest free.

	2020		
	-----Rupees-----		
	PMIF loan	Jannam advances	Total
Advances - gross	38,893,595	5,121,789	44,015,384
Provisions for doubtful advances	(20,658,526)	(263,108)	(20,921,634)
Advances - net of provision	<u>18,235,069</u>	<u>4,858,681</u>	<u>23,093,750</u>
Movement of advance as follows:			
Balance at July 01,	91,938,720	5,495,904	97,434,624
Disbursement during the year	38,303,000	400,000	38,703,000
Recovery during the year	(91,348,125)	(774,115)	(92,122,240)
Balance at June 30,	<u>38,893,595</u>	<u>5,121,789</u>	<u>44,015,384</u>
Movement of provision as follows:			
Balance at July 01,	9,986,210	372,746	10,358,956
Reversal in provision	-	(372,746)	(372,746)
Provision during the year	10,672,316	263,108	10,935,424
Balance at June 30,	<u>20,658,526</u>	<u>263,108</u>	<u>20,921,634</u>

	Note	2021 Rupees	2020 Rupees
12. INTEREST RECEIVABLE			
Interest receivable from			
Loan		10,872,601	648,339
Bank deposits		-	28,875
		<u>10,872,601</u>	<u>677,214</u>
13. DONATIONS RECEIVABLE			
Balance at July 01,		43,953,939	10,542,085
Receivable during the year		12,920,420	38,766,430
Received during the year		(11,093,455)	(5,354,576)
Balance at June 30,	13.1	<u>45,780,904</u>	<u>43,953,939</u>
13.1 This represents amount spent by the Society on behalf of the donors and is yet to be received as at June 30, 2021.			
14. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees		3,737,585	2,656,998
Advances to suppliers		10,597,870	32,874,753
Advance to Micro Drip (Private) Limited (Subsidiary)		10,202,229	10,202,229
Prepayments		1,562,388	2,551,680
Receivable from sale of stock		1,189,460	1,189,460
Other receivable		6,099,305	30,412,850
		33,388,837	79,887,970
Provision against Advance to Micro Drip (Private) Limited		(10,202,229)	(10,202,229)
		<u>23,186,608</u>	<u>69,685,741</u>
15. CASH AND BANK BALANCES			
Cash in hand			
Local currency		207,234	272,246
Balances with banks:			
Current accounts		47,384,337	45,226,207
Foreign currency		134,064	140,219
Saving accounts	15.1	611,300,614	1,361,401,648
		658,819,015	1,406,768,074
		<u>659,026,249</u>	<u>1,407,040,320</u>
15.1 Saving accounts carry interest rate ranging between 4.11% to 6.25% (2020: 4% to 12.1%) per annum.			

16 DEFERRED INCOME

Donors	2021												
	Grant related to income				Grant related to assets				Gross deferred income	Amortization related to assets			Net deferred income
	Balance as at July 01,	Received during the year	Transferred to statement of income and expenditure and other comprehensive	Refund / Transfer	Balance as at June 30,	Balance as at July 01,	Transfer from grant related to income	Balance as at June 30,		Balance as at July 01,	Charged during the year	Balance as at June 30,	
	Rupees												
European Unions (EU)	712,404,646	-	(566,371,752)	(1,886,700)	144,146,194	48,376,848	1,886,700	50,263,548	194,409,742	(33,817,837)	(6,620,398)	(40,438,235)	153,971,507
Welthungerhilfe Islamabad	42,956,162	44,808,000	(37,017,915)	(12,442,603)	38,303,644	10,051,900	-	10,051,900	48,355,544	(2,646,249)	(1,827,891)	(4,474,140)	43,881,404
Government of Sindh, Planning and Development Department (UCBPRP)	-	-	-	-	-	13,428,615	-	13,428,615	13,428,615	(13,428,562)	(51)	(13,428,613)	2
Rural Support Programme Network (RSPN)	223,710,210	71,072,404	(214,724,635)	(389,731)	79,668,249	10,885,525	389,731	11,275,256	90,943,505	(10,329,900)	(390,142)	(10,720,042)	80,223,463
Pakistan Poverty Alleviation Fund (PPAF)	214,517,425	359,976,927	(449,902,239)	-	124,592,113	55,714,293	-	55,714,293	180,306,406	(55,451,304)	(62,064)	(55,513,368)	124,793,038
Sindh Education Foundation	403,915	1,413,000	(1,816,915)	-	-	-	-	-	-	-	-	-	-
OXFAM Netherlands Organization for International Development Co-operation (NOVIB)	-	-	-	-	-	4,377,325	-	4,377,325	4,377,325	(4,329,306)	(42,898)	(4,372,204)	5,121
Concern World Wide	2,614,337	85,912,258	(84,505,460)	(356,330)	3,664,805	-	356,330	356,330	4,021,135	-	(48,355)	(48,355)	3,972,780
HELPAGE	-	460,454	(460,454)	-	-	-	-	-	-	-	-	-	-
UNFPA	1,159,134	-	-	-	1,159,134	-	-	-	1,159,134	-	-	-	1,159,134
United Way World Wide	-	-	-	-	-	747,000	-	747,000	747,000	(747,000)	-	(747,000)	-
UNESCO	-	7,604,650	-	-	7,604,650	-	-	7,604,650	-	-	-	-	7,604,650
Brooks Pakistan	-	2,335,840	(2,335,840)	-	-	-	-	-	-	-	-	-	-
Save the Children	-	-	-	-	-	8,431,855	-	8,431,855	8,431,855	(8,414,960)	(10,211)	(8,425,171)	6,684
Open Society Institute (OSI)	-	-	-	-	-	229,160	-	229,160	229,160	(223,734)	(4,244)	(227,978)	1,182
United Nations Development Fund for Women (UN-Women)	-	-	-	-	-	169,500	-	169,500	169,500	(169,500)	-	(169,500)	-
United Nations Children Emergency Fund (UNICEF)	-	-	-	-	-	95,000	-	95,000	95,000	(95,000)	-	(95,000)	-
United Nations Development Programme (UNDP)	-	-	-	-	-	113,720	-	113,720	113,720	(113,720)	-	(113,720)	-
Ministry of Women Development (MOWD)	-	-	-	-	-	1,098,382	-	1,098,382	1,098,382	(1,098,382)	-	(1,098,382)	-
Health and Nutrition Development Society (HANDS)	-	-	-	-	-	169,732	-	169,732	169,732	(169,732)	-	(169,732)	-
International Labour Organization (ILO)	-	-	-	-	-	2,799,216	-	2,799,216	2,799,216	(2,799,216)	-	(2,799,216)	-
Small Grants & Ambassador Fund Program	-	-	-	-	-	159,500	-	159,500	159,500	(159,500)	-	(159,500)	-
OXFAM GB	-	-	-	-	-	185,000	-	185,000	185,000	(185,000)	-	(185,000)	-
Government of Sindh, Planning and Development Department	-	3,896,578	(3,896,578)	-	-	183,700	-	183,700	183,700	(183,700)	-	(183,700)	-
Profit from banks deposits	3,032,172	1,018,495	-	-	4,050,667	-	-	4,050,667	-	-	-	-	4,050,667
	1,200,798,001	578,498,606	(1,361,031,788)	(15,075,364)	403,189,455	157,216,271	2,632,761	159,849,032	563,038,487	(134,362,602)	(9,006,254)	(143,368,856)	419,669,631

Donors	2020												
	Grant related to income				Grant related to assets				Gross deferred income	Amortization related to assets			Net deferred income
	Balance as at July 01,	Received during the year	Transferred to statement of income and expenditure and other comprehensive	Refund	Balance as at June 30,	Balance as at July 01,	Received during the year	Balance as at June 30,		Balance as at July 01,	Charged during the year	Balance as at June 30,	
	Rupees												
European Unions (EU)	364,616,744	955,256,002	(607,468,100)	-	712,404,646	45,666,023	2,710,825	48,376,848	760,781,494	(25,789,327)	(8,028,510)	(33,817,837)	726,963,657
Welthungerhilfe Islamabad	1,574,092	182,379,633	(140,997,563)	-	42,956,162	1,421,307	8,630,593	10,051,900	53,008,062	(1,250,443)	(1,395,806)	(2,646,249)	50,361,813
Government of Sindh, Planning and Development Department (UCBPRP)	-	-	-	-	-	13,428,615	-	13,428,615	13,428,615	(13,428,562)	-	(13,428,562)	53
Rural Support Programme Network (RSPN)	11,052,446	341,731,940	(128,663,460)	(410,716)	223,710,210	10,885,525	-	10,885,525	234,595,735	(9,863,190)	(466,710)	(10,329,900)	224,265,835
Pakistan Poverty Alleviation Fund (PPAF)	8,488,576	364,280,706	(158,251,857)	-	214,517,425	55,714,293	-	55,714,293	270,231,718	(55,310,199)	(141,105)	(55,451,304)	214,780,414
Sindh Education Foundation	148,393	2,053,396	(1,797,874)	-	403,915	-	-	-	403,915	-	-	-	403,915
OXFAM Netherlands Organization for International Development Co-operation (NOVIB)	-	-	-	-	-	4,377,325	-	4,377,325	4,377,325	(4,281,690)	(47,616)	(4,329,306)	48,019
Server 4 Sale	-	22,347,646	(19,733,309)	-	2,614,337	-	-	-	2,614,337	-	-	-	2,614,337
Plan International	-	301,100	(301,100)	-	-	-	-	-	-	-	-	-	-
Food Fortification Programme	-	3,274,000	(3,274,000)	-	-	-	-	-	-	-	-	-	-
UNFPA	3,295,903	7,056,421	(8,587,675)	(605,515)	1,159,134	-	-	-	1,159,134	-	-	-	1,159,134
United Way World Wide	-	-	-	-	-	747,000	-	747,000	747,000	(746,997)	(3)	(747,000)	-
Save the Children	-	-	-	-	-	8,431,855	-	8,431,855	8,431,855	(8,404,877)	(10,083)	(8,414,960)	16,895
Open Society Institute (OSI)	-	-	-	-	-	229,160	-	229,160	229,160	(217,898)	(5,836)	(223,734)	5,426
United Nations Development Fund for Women (UN-Women)	-	-	-	-	-	169,500	-	169,500	169,500	(169,499)	(1)	(169,500)	-
United Nations Children Emergency Fund (UNICEF)	-	-	-	-	-	95,000	-	95,000	95,000	(95,000)	-	(95,000)	-
United Nations Development Programme (UNDP)	-	-	-	-	-	113,720	-	113,720	113,720	(113,720)	-	(113,720)	-
Ministry of Women Development (MOWD)	-	-	-	-	-	1,098,382	-	1,098,382	1,098,382	(1,098,382)	-	(1,098,382)	-
Health and Nutrition Development Society (HANDS)	-	-	-	-	-	169,732	-	169,732	169,732	(169,732)	-	(169,732)	-
International Labour Organization (ILO)	-	-	-	-	-	2,799,216	-	2,799,216	2,799,216	(2,799,209)	(7)	(2,799,216)	-
Small Grants & Ambassador Fund Program	-	-	-	-	-	159,500	-	159,500	159,500	(159,500)	-	(159,500)	-
OXFAM GB	-	-	-	-	-	185,000	-	185,000	185,000	(185,000)	-	(185,000)	-
Government of Sindh, Planning and Development Department	1,306,596	9,251,654	(10,558,250)	-	-	183,700	-	183,700	183,700	(183,695)	(5)	(183,700)	-
Profit from banks deposits	674,198	2,357,974	-	-	3,032,172	-	-	3,032,172	-	-	-	-	3,032,172
	391,156,948	1,890,290,472	(1,079,633,188)	(1,016,231)	1,200,798,001	145,874,853	11,341,418	157,216,271	1,358,014,272	(124,266,920)	(10,095,682)	(134,362,602)	1,223,651,670

	Note	2021 Rupees	2020 Rupees
17. LONG TERM LOANS - SECURED			
Pakistan Poverty Alleviation Fund	17.1	<u>112,605,622</u>	<u>112,605,622</u>

17.1 This represent interest free loans from Pakistan Poverty Alleviation Fund, which is repayable on or after July 01, 2022. These are secured against microcredit sub loans financed from such amounts.

18. ACCRUED AND OTHER LIABILITIES

Accrued expenses	19,895,622	10,789,998
Other payable	<u>2,775,810</u>	<u>1,737,490</u>
	<u>22,671,432</u>	<u>12,527,488</u>

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 With respect to tax year 2014 and 2015, Federal Board of Revenue (FBR) issued demand order under section 122(5A) of the Income Tax Ordinance, 2001 amounting to Rs. 45.321 million and Rs. 26.187 million to the Society in December 2020 and March 2021 respectively. The orders stated that provision to sub-clause 1 of clause 58 part 1 of the second schedule to the Income Tax Ordinance, 2001 clearly states that business income is not totally exempt in the case of NPO.

The Society filed application for stay against demand made under section 122(5A) of the Income Tax Ordinance, 2001, by the Additional Commissioner Inland Revenue. Based on the tax advisor, no provision has been recognized as the cases have been challenged on behalf of the Society and are pending before Chief Commissioner, Inland Revenue.

19.1.2 FBR issued a notice to withdraw the status of NPO on dated January 29, 2021. The Society submitted the response to the FBR on dated February 16, 2021 along with the supporting documents. FBR on dated February 26, 2021 issued the order stating that previous NPO approval dated December 19, 2018 never existed and as a result, the taxpayer's case enjoys no concessions of section 100C of the ordinance and would be assessed under the normal law and under all applicable provisions of law thereof. The Society via tax advisor has filed an appeal to Commissioner Inland revenue and the hearing is adjourned to date. The management is confident that the Society has good arguable grounds and there is no likelihood of unfavorable outcome against the Society.

19.2 Commitments

There is no commitment as at June 30, 2021 (2020: Nil)

	Note	2021 Rupees	2020 Rupees
20. DONATIONS AND GRANTS			
General donation	20.1	1,287,980,442	1,103,598,713
Disaster and preparedness management unit	20.1	94,978,022	22,378,256
		<u>1,382,958,464</u>	<u>1,125,976,969</u>

20.1 Following is the detail of donations realised:

Donations	2021			2020		
	Disaster and preparedness unit	General donation	Total	Disaster and preparedness unit	General donation	Total
Donations realized in cash from:						
Pakistan Poverty Alleviation Fund (PPAF)	9,215,430	451,373,605	460,589,035	22,278,256	137,681,640	159,959,896
European Unions (EU)	-	566,371,752	566,371,752	-	607,468,100	607,468,100
Philanthropists	-	-	-	100,000	-	100,000
Welthungerhilfe	37,017,915	-	37,017,915	-	149,716,584	149,716,584
Rural Support Programme Network (RSPN)	-	214,724,636	214,724,636	-	154,086,383	154,086,383
Green Light	-	-	-	-	-	-
Concern World Wide	48,744,677	37,817,425	86,562,102	-	19,733,309	19,733,309
HELP Age International	-	460,454	460,454	-	301,100	301,100
UNFPA	-	-	-	-	8,587,675	8,587,675
Foundation Fighting Poverty	-	-	-	-	3,274,000	3,274,000
GOS SLMP	-	3,896,578	3,896,578	-	-	-
Brooks Pakistan	-	2,512,823	2,512,823	-	-	-
Sindh Education Fund (SEF)	-	1,816,915	1,816,915	-	1,797,874	1,797,874
Government of Sindh, Planning and Development Department	-	-	-	-	10,856,366	10,856,366
Grant related to assets	-	9,006,254	9,006,254	-	10,095,682	10,095,682
Total donations realised in cash	94,978,022	1,287,980,442	1,382,958,464	22,378,256	1,103,598,713	1,125,976,969

20.2 Breakup of donations realized in cash

Transferred from deferred income (refer note 16)	94,978,022	1,275,060,022	1,370,038,044	22,278,256	1,067,012,832	1,089,291,088
Transferred from donation receivables (refer note 13)	-	12,920,420	12,920,420	-	36,148,099	36,148,099
Income recognized from Bank profit	-	-	-	-	437,782	437,782
Income directly recognized	-	-	-	100,000	-	100,000
	94,978,022	1,287,980,442	1,382,958,464	22,378,256	1,103,598,713	1,125,976,969

	Note	2021 Rupees	2020 Rupees
21. INCOME FROM OTHER ACTIVITIES			
Income on loans			
Income from loan to Thardeep Microfinance Foundation		42,782,701	39,881,302
Services income			
Training and human resource development activities		-	63,770
Income from:			
- transportation		6,357,600	2,095,506
- guest houses		2,476,381	2,253,598
- natural resource management		40,820	13,000
		8,874,801	4,425,874
Other income			
Proceeds from sale of carpets		684,450	644,900
Income on saving accounts		58,098,214	157,039,107
Other income		771,030	526,956
Reversal of provision		5,958,654	-
		65,512,348	158,210,963
		<u>117,169,850</u>	<u>202,518,139</u>
22. PROGRAMME EXPENSES			
Programme specific			
Community physical infrastructure expenses	22.1	40,885,676	26,316,553
Disaster and preparedness management unit expenses	22.2	95,199,681	133,071,468
Social mobilization programme expenses	22.3	923,291,048	846,452,317
Monitoring and evaluation expenses	22.4	25,349,846	20,510,585
Social services sector expenses	22.5	315,062,143	162,651,249
Total expenses		<u>1,399,788,394</u>	<u>1,189,002,172</u>
22.1 Community physical infrastructure expenses			
Salaries		19,148,806	16,965,934
Transportation		6,305,669	4,946,870
Depreciation	4.2	1,576,792	1,674,620
Hand pumps installed		149,680	171,095
Office rent		884,744	721,549

	Note	2021 Rupees	2020 Rupees
Utilities		631,758	480,634
Consumable		368,151	325,447
Stationery		150,780	159,266
Travel and accommodation		191,177	366,817
Communication		223,408	213,680
Per diem and allowances		103,787	110,891
Insurance		38,580	37,953
Publication		16,585	9,203
Repair and maintenance		94,215	86,614
Entertainment and miscellaneous expenses		390,157	45,980
Infrastructure projects		10,611,387	-
		<u>40,885,676</u>	<u>26,316,553</u>
22.2 Disaster and preparedness management unit expenses			
Salaries		3,590,401	3,181,113
Transportation		3,152,834	2,473,435
Depreciation	4.2	1,576,792	1,674,620
Office rent		884,744	721,549
Utilities		631,758	480,634
Humanitarian aid for drought affected household		-	11,415
Consumable		368,151	325,443
Stationery		150,780	159,266
Travel and accommodation		191,177	366,817
Communication		223,408	213,680
Per diem and allowances		103,787	110,891
Insurance		38,580	37,953
Publication		16,585	9,203
Repair and maintenance		94,215	86,614
Entertainment and miscellaneous expenses		390,157	45,980
Multisector humanitarian assistance to drought affected malnourished communities		83,648,647	123,049,855
Building Resilience on DDR and Climate Change Adaption		137,665	123,000
		<u>95,199,681</u>	<u>133,071,468</u>
22.3 Social mobilization programme expenses			
Salaries		134,041,640	118,761,537
Sindh Union Council and Community		400,780,796	454,316,448

	Note	2021 Rupees	2020 Rupees
Community training		49,675	124,903
Transportation		37,834,013	29,681,217
Livelihood enhancement protection		267,895,716	161,640,387
National Socio Economic Registry Update Survey		-	22,711,991
Office rent		11,501,676	9,380,132
Utilities		7,581,096	5,767,604
Local Support Organization		40,035,055	9,937,889
Depreciation	4.2	3,654,780	3,881,530
Consumable		4,417,807	3,905,359
Stationery		1,809,365	1,911,193
Travel and accommodation		2,294,126	4,401,800
Communication		2,680,897	2,564,163
Per diem and allowances		1,245,441	1,330,690
Insurance		462,964	455,441
Staff development		6,825	397,363
Publication		199,018	110,431
Repair and maintenance		1,224,793	1,125,982
Bad debt expense against advances - net		-	10,935,424
Community Re-engagement through CRPs/Pos		893,486	2,559,068
Entertainment and miscellaneous expenses		4,681,879	551,765
		<u>923,291,048</u>	<u>846,452,317</u>

22.4 Monitoring and evaluation expenses

Salaries		11,968,004	10,603,709
Transportation		3,152,834	2,473,435
Monthly review		1,762,361	1,653,745
Depreciation	4.2	1,576,792	1,674,620
Networking		375,056	66,041
Office rent		884,744	721,549
Directors meeting cost / Sub Committee		3,421,457	1,481,001
Utilities		631,758	480,634
Consumable		368,151	325,447
Stationery		150,780	159,266
Travel and accommodation		191,177	366,817
Communication		223,408	213,680
Per diem and allowances		103,787	110,891
Insurance		38,580	37,953
Publication		16,585	9,203
Repair and maintenance		94,215	86,614
Entertainment and miscellaneous expenses		390,157	45,980
		<u>25,349,846</u>	<u>20,510,585</u>

	Note	2021 Rupees	2020 Rupees
22.5 Social services sector expenses			
Salaries		46,675,214	41,354,464
Health activities /MCH activities		5,000	1,607,721
Transportation		6,305,669	4,946,870
Depreciation	4.2	1,576,792	1,674,620
Education		319,440	265,034
Office rent		884,744	721,549
Utilities		631,758	480,634
Consumable		368,151	325,447
Stationery		150,780	159,266
Travel and accommodation		191,177	366,817
Communication		223,408	213,680
Per diem and allowances		103,787	110,891
Insurance		38,580	37,953
Publication		16,585	9,203
Repair and maintenance		94,215	86,614
Entertainment and miscellaneous expenses		390,157	45,980
COVID-19 Emergency Response		99,494,633	-
Service Delivery Program MCHIP		-	21,212,152
Natural resource management expense		2,722,651	7,252,358
Programme for Improved Nutrition in Sindh (PINS)		154,869,402	81,779,996
		<u>315,062,143</u>	<u>162,651,249</u>
23. OPERATING EXPENSES			
Administration expenses	23.1	46,778,827	41,493,512
Marketing expenses	23.2	3,861,897	3,450,789
Financial charges	23.3	4,770,062	4,100,739
		<u>55,410,786</u>	<u>49,045,040</u>
23.1 Administration expenses			
Salaries		21,542,406	19,086,676
Transportation		6,305,669	4,946,870
Depreciation	4.2	3,153,584	3,349,239
Amortization of intangibles	5	560,697	1,069,288
Guest house expense		1,938,895	1,685,564
Auditors' remuneration	23.1.1	1,284,069	1,346,776
Utilities		2,527,032	1,922,535
Office rent		1,769,489	1,443,097
Consumable		1,472,602	1,301,786
Stationery		603,122	637,064
Travel and accommodation		764,709	1,467,267
Communication		893,632	854,721

	Note	2021 Rupees	2020 Rupees
Per diem and allowances		415,147	443,563
Legal fee		1,578,058	989,612
Insurance		154,321	151,814
Publication		66,339	36,810
Repair and maintenance		188,430	173,228
Entertainment and miscellaneous expenses		1,560,626	587,602
		<u>46,778,827</u>	<u>41,493,512</u>
23.1.1 Statutory audit		633,340	571,320
Audit fee of the project		577,000	550,725
Out of pocket expenses		73,729	224,731
		<u>1,284,069</u>	<u>1,346,776</u>
23.2 Marketing expenses			
Salaries		2,393,601	2,120,742
Office rent		884,744	721,549
Cost of carpets		489,337	521,884
Repair and maintenance		94,215	86,614
		<u>3,861,897</u>	<u>3,450,789</u>
23.3 Financial charges			
Bank charges		<u>4,770,062</u>	<u>4,100,739</u>
24 TAXATION			
Taxation	24.1	<u>12,135,572</u>	<u>11,975,825</u>

24.1 This represents the advance tax deducted on the bank profits and cash withdrawals during the year ended June 30, 2021. As the exemption certificate was expired, this is charged of in these financial statements.

25. NUMBER OF EMPLOYEES

Number of employees as at June 30, 2021 were 429 (June 30, 2020 : 397).

26. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries, associated undertakings, key management personnel, Directors and companies with common or a directors.

Aggregate transactions and balances with related parties and associated undertakings which are not disclosed in notes are as follows:

26.1 Transactions during the year

Nature of transaction	Relation with the Company	Basis of Relationship	2021 Rupees	2020 Rupees
Expenses incurred	Associated undertaking	Common Directorship	214,724,635	154,086,383
Donation received	Associated undertaking	Common Directorship	71,072,404	341,731,940
Loan repaid by TMF	Associated undertaking	Common Directorship	15,000,000	-
Interest income	Associated undertaking	Common Directorship	42,782,701	39,881,302
Interest received	Associated undertaking	Common Directorship	31,910,100	39,881,302
Executive remuneration	Key Personnel	Executive employee	12,276,444	11,004,264

	2021 Rupees	2020 Rupees
26.2 Year end balances		
Thardeep Microfinance Foundation(TMF) - Associated Undertaking		
Long term and short term loan	400,000,000	415,000,000
Interest receivable	10,872,601	-

26.3 Names of related parties, nature and basis of relationship

Associated undertaking

Thardeep Microfinance Foundation
Rural Support Program Network

Key Executives

Mr. Allah Nawaz Samoo (Chief Executive Officer)

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

27.1 Financial instruments by category

Financial assets as per statement of financial position

Long term deposits	743,320	743,320
Long term loan	400,000,000	400,000,000
Short term loan	-	15,000,000

	2021 Rupees	2020 Rupees
Advances - net of provisions	70,640,433	23,093,750
Accrued interest	10,872,601	677,214
Donations receivable	45,780,904	43,953,939
Advances and other receivables	11,026,350	34,259,308
Cash and bank balances	659,026,249	1,407,040,320
	<u>1,198,089,857</u>	<u>1,924,767,851</u>

Financial liabilities as per statement of financial position

Long term loan	112,605,622	112,605,622
Accrued and other liabilities	22,671,432	12,527,488
	<u>135,277,054</u>	<u>125,133,110</u>

27.2 Financial risk management

The objective of the Society's overall financial risk management is to minimize earnings volatility and provide maximum return from reinvestment in the operations of the Society. The Board of Directors of the Programme has overall responsibility for the establishment and oversight of the Programme's risk management framework and policies.

The Programme has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.2.1 Liquidity risk

Liquidity risk is the risk that an organization is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

The Society has a strong financial support from Prime Minister Alleviation Fund and has balances with banks for maintaining sufficient liquidity and to meet anticipated funding requirements. Change in the government monetary policy and market expectations of interest rate are all important factors that can adversely affect Programme's key funding sources. Efficient and accurate planning plays a critical role in liquidity management. Management performs a critical review of expected cash inflows / outflows which allow Society to take timely decisions based on the future requirements.

27.2.2 Credit risk

Credit risk is the risk of financial loss to the Society if a customer or counterparty to a financial asset fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. Credit risk of the Programme arises principally from deposits, advances, loans, donations receivable, other receivables and bank balance. The maximum exposure to credit risk at the reporting date is as follows:

	2021 Rupees	2020 Rupees
Long term deposits	743,320	743,320
Long term loan	400,000,000	400,000,000
Short term loan	-	15,000,000
Advances - net of provisions	70,640,433	23,093,750
Interest receivable	10,872,601	677,214
Donations receivable	45,780,904	43,953,939
Advances and other receivables	11,026,350	34,259,308
Bank balances	658,819,015	1,406,768,074
	<u>1,197,882,623</u>	<u>1,924,495,605</u>

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Society has provided long term security deposits as per the contractual terms with counter parties as security and does not expect material loss against those deposits.

The Society monitors the loan disbursement and their recovery which allows it to evaluate borrower's credit worthiness and identify potential problem loans. Further as per credit policy the programme does not disburse a new loan to a borrower unless the previous loan is fully paid off. The Society has established a provisioning policy as disclosed in note 3.6 and the provision held is considered to be adequate to cover any anticipated loss that may arise due to the default of borrowers. The ageing of overdue loans as at June 30, 2021 is as follows:

Ageing Tenure	Overdue of Janum	Overdue of PMIFL	Total Overdue Advances
	----- Rupees -----		
From 0-12 months	629,830	63,480,336	64,110,166
From 13-24 months	3,145,038	1,246,328	4,391,366
From 25-36 months	1,186,918	10,523,668	11,710,586
More than 36 months	-	5,391,295	5,391,295
	<u>4,961,786</u>	<u>80,641,627</u>	<u>85,603,413</u>

Donations are receivable from various donor which include large foreign and local NGOs including various social development programmes of the Government of Pakistan. Based on past experience with these donors, the management does not expect any material loss against donations receivable.

27.2.3 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risk. The Society is not exposed to equity price risk and currency risk as it does not hold any equity instruments and foreign currencies. The exposure of the Society to interest rate risks and its management is explained below:

27.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the statement of financial position date the interest rate profile of the Society's interest-bearing financial instruments were as follows:

	2021 Rupees	2020 Rupees
Fixed rate instruments		
Financial assets		
- Bank balances	611,434,678	45,498,453
	<u>611,434,678</u>	<u>45,498,453</u>
Variable rate instruments		
Financial assets		
- Long term loan	400,000,000	400,000,000
- Short term loan	-	15,000,000
	<u>400,000,000</u>	<u>415,000,000</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased or decreased the programmes's deficit / surplus for the year by Rs. 4.00 million (2020: 4.15 million). This analysis assumes that all other variables remain constant.

Fair value sensitivity analysis for fixed rate instruments

The Society does not account for any fixed rate financial assets at fair value through statement of income and expenditure and other comprehensive income. Therefore, a change in interest rates at the reporting date would not affect income and expenditure account and the fund of the Society.

27.3 Liquidity profile of the financial instruments

		2021							
Note	Effective Interest rate	Interest/mark-up bearing			Non-interest bearing			Total	
		Maturity upto one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total		
		Rupees							
Financial liabilities									
Long term loan	17	-	-	-	-	112,605,622	112,605,622	112,605,622	
Accrued and other liabilities	18	-	-	-	22,671,432	-	22,671,432	22,671,432	
		-	-	-	22,671,432	112,605,622	135,277,054	135,277,054	
Financial assets									
Long term deposits	6	-	-	-	-	743,320	743,320	743,320	
Long term loan	8	6 months KIBOR plus 3% per annum	-	400,000,000	400,000,000	-	-	400,000,000	
Advances - net of provisions	11	-	-	-	70,640,433	-	70,640,433	70,640,433	
Interest receivable	12	-	-	-	10,872,601	-	10,872,601	10,872,601	
Donations receivable	13	-	-	-	45,780,904	-	45,780,904	45,780,904	
Advances and other receivables	14	-	-	-	11,026,350	-	11,026,350	11,026,350	
Cash and bank balances	15	4.11% - 6.25%	611,434,678	-	611,434,678	47,591,571	47,591,571	659,026,249	
			611,434,678	400,000,000	1,011,434,678	185,911,859	743,320	186,655,179	1,198,089,857

- The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values.

		2020							
Note	Effective Interest rate	Interest/mark-up bearing			Non-interest bearing			Total	
		Maturity upto one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total		
		Rupees							
Financial liabilities									
Long term loan	18	-	-	-	-	112,605,622	112,605,622	112,605,622	
Accrued and other liabilities	19	-	-	-	12,527,488	-	12,527,488	12,527,488	
		-	-	-	12,527,488	112,605,622	125,133,110	125,133,110	
Financial assets									
Long term deposits	6	-	-	-	-	743,320	743,320	743,320	
Long term loan	8	6 months KIBOR plus 3% per annum	-	400,000,000	400,000,000	-	-	400,000,000	
Short term loan	10	6 months KIBOR plus 3% per annum	15,000,000	-	15,000,000	-	-	15,000,000	
Advances - net of provisions	11	-	-	-	23,093,750	-	23,093,750	23,093,750	
Interest receivable	12	-	-	-	677,214	-	677,214	677,214	
Donations receivable	13	-	-	-	43,953,939	-	43,953,939	43,953,939	
Advances and other receivables	14	-	-	-	34,259,308	-	34,259,308	34,259,308	
Cash and bank balances	15	4% - 12.1%	1,361,541,867	-	1,361,541,867	45,498,453	45,498,453	1,407,040,320	
			1,376,541,867	400,000,000	1,776,541,867	147,482,664	743,320	148,225,984	1,924,767,851

28. DATE OF AUTHORISATION

These financial statements were authorised on 8th October 2021, by the board of directors of the Society.
08 OCT 2021

29. GENERAL

Figures have been rounded off to the nearest Rupee.

30. SIGNIFICANT EVENT DURING THE YEAR

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Society for the year ended June 30, 2021 due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Society, government across the country have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management is closely monitoring the situation, and in response to the developments, the management has taken action to ensure the safety of its employees and other stakeholders. The management has evaluated and concluded that there is no material implication of COVID-19 on assets, liabilities, income and expenses of the Society.

CHIEF EXECUTIVE OFFICER

TREASURER