

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, 2022, The statement of income and expenditure and other comprehensive income, the statement of cash flow, 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, 2022 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.

Emphasis of Matter

We draw attention to note 29 to the annexed financial statements, which describes the subsequent event relating to mass flooding in the province of Sindh in monsoon season and its consequences, which may affect the operations of the Society including the recoverability of advances given to poor communities for poverty alleviation and welfare of the community's betterment. Our opinion is not modified in respect of this matter.

Other Information

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

KARACHI

DATED: 24 DEC 2022

UDIN: AR202210166VC6oQr1I2

BDO Ebrahim & Co
CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz Khan

THARDEEP RURAL DEVELOPMENT PROGRAMME
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	29,439,181	40,486,472
Capital work in progress	5	16,250,000	-
Intangible assets	6	-	-
Long term deposits	7	813,320	743,320
Long term loan	8	400,000,000	400,000,000
		<u>446,502,501</u>	<u>441,229,792</u>
CURRENT ASSETS			
Inventory	9	753,388	1,537,225
Advances - net of provisions	10	97,262,525	70,640,433
Short term investment	11	78,400,000	-
Interest receivable	12	15,592,978	10,872,601
Donations receivable	13	19,868,595	45,780,904
Advances, prepayments and other receivables	14	7,249,962	23,186,608
Cash and bank balances	15	337,474,366	659,026,249
		<u>556,601,814</u>	<u>811,044,020</u>
TOTAL ASSETS		<u><u>1,003,104,315</u></u>	<u><u>1,252,273,812</u></u>
FUNDS AND LIABILITIES			
Funds		630,355,373	697,327,127
NON-CURRENT LIABILITIES			
Deferred income	16	253,194,337	419,669,631
Long term loans - secured	17	112,605,622	112,605,622
		365,799,959	532,275,253
CURRENT LIABILITIES			
Accrued and other liabilities	18	6,948,983	22,671,432
TOTAL FUNDS AND LIABILITIES		<u><u>1,003,104,315</u></u>	<u><u>1,252,273,812</u></u>
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 31 form an integral part of these financial statements.

Abhishek

CHIEF EXECUTIVE OFFICER

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TREASURER

**THARDEEP RURAL DEVELOPMENT PROGRAMME
STATEMENT OF INCOME AND EXPENDITURE AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
INCOME			
Donations and grants	20	1,404,992,083	1,382,958,464
Income from other activities	21	118,825,397	117,169,850
TOTAL INCOME		1,523,817,480	1,500,128,314
EXPENSES			
Programme expenses	22	(1,456,379,040)	(1,399,788,394)
Operating expenses	23	(49,807,968)	(50,640,724)
Financial charges	24	(4,948,928)	(4,770,062)
TOTAL EXPENSES		(1,511,135,936)	(1,455,199,180)
Surplus for the year before taxation		12,681,544	44,929,134
Taxation	25	(79,653,298)	(12,135,572)
(Deficit) / Surplus for the year		(66,971,754)	32,793,562
Other comprehensive income		-	-
Total Comprehensive (loss) / income for the year		(66,971,754)	32,793,562

The annexed notes 1 to 31 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

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TREASURER


**THARDEEP RURAL DEVELOPMENT PROGRAMME
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year before taxation		(66,971,754)	32,793,562
Adjustments for:			
Depreciation	4	11,426,871	13,115,531
Disposal of assets		640,284	-
Amortisation	6	-	560,697
Amortisation of deferred income	16	(1,397,948,107)	(1,370,038,042)
Tax expense		79,653,298	12,135,572
Reversal of provision against advances	10	(983,599)	(5,958,654)
Written-off against advances		3,469,074	-
Financial charges	24	4,948,928	4,770,062
Interest income	21	(62,399,641)	(58,098,214)
		<u>(1,428,164,646)</u>	<u>(1,370,719,486)</u>
Working capital changes			
Decrease in current assets:			
Stocks		783,837	481,137
Long term deposit		(70,000)	-
Donations receivable		25,912,309	(1,826,965)
Advances, prepayments and other receivables		15,936,646	46,499,133
		<u>42,562,792</u>	<u>45,153,305</u>
(Decrease) / increase in current liabilities			
Accrued and other liabilities		(15,722,449)	10,143,944
Net cash used in operations		<u>(1,401,324,303)</u>	<u>(1,315,422,237)</u>
Advances against loans - disbursed	10	(135,620,000)	(101,779,000)
Advances against loans - recovered	10	106,512,433	60,190,971
Grant received - net of refunds		1,231,472,812	566,056,003
Tax paid		(79,653,298)	(12,135,572)
Interest received		57,679,263	47,902,826
Net cash used in operating activities		<u>(220,933,093)</u>	<u>(755,187,009)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(17,269,864)	(3,057,001)
Short term loan		-	15,000,000
Short term investment		(78,400,000)	0
Net cash (used in) / flow from investing activities		<u>(95,669,864)</u>	<u>11,942,999</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial charges paid		(4,948,925)	(4,770,061)
Net decrease in cash and cash equivalents		<u>(321,551,882)</u>	<u>(748,014,071)</u>
Cash and cash equivalents at beginning of the year		659,026,249	1,407,040,320
Cash and cash equivalents at end of the year	15	<u><u>337,474,366</u></u>	<u><u>659,026,249</u></u>

The annexed notes 1 to 31 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, 2022**

Particulars	General fund	Pool for interest free loan	Endowment fund	Revolving pool for livestock	Total funds
	----- Rupees -----				
Balance as at July 01, 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	<u>259,647,127</u>	<u>2,680,000</u>	<u>430,000,000</u>	<u>5,000,000</u>	<u>697,327,127</u>
Balance as at July 01, 2021	259,647,127	2,680,000	430,000,000	5,000,000	697,327,127
Deficit for the year	(66,971,754)	-	-	-	(66,971,754)
Transferred from livestock pool	5,000,000	-	-	(5,000,000)	-
Balance as at June 30, 2022	<u>197,675,373</u>	<u>2,680,000</u>	<u>430,000,000</u>	<u>-</u>	<u>630,355,373</u>

The annexed notes 1 to 31 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

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**THARDEEP RURAL DEVELOPMENT PROGRAMME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 at North Colony Mithi, Mithi-69230, District Tharparkar-Sindh.

The geographical area of the Society is spread over the arid zone of 11 districts of Sindh i.e. Tharparkar, Umerkot, Hyderabad, Jamshoro, Dadu, Tandoallahyar, Mirpurkhas, Matiari, Jacobabad, Sanghar, Shaheed Benazirabad, . To operate its programme in the area, the Society has 10 district offices each at Tharparkar, Umerkot, Dadu, Tandoallahyar, Shaheed Benazirbad, Jacobabad, Hyderabad, Jamshoro, Matiari and Sanghar, and head office at Mithi town. There are 15 field units in different villages and towns of 11 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 (IASB) and the Accounting Standards for Not for Profit Organizations (NPOs) issued and as notified by the Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Basis of preparation

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees ('Rupees' or 'Rs'), 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 the 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 the statement of income and expenditure currently.

3.3 Capital work in progress

Capital work in progress is stated at cost and consists of expenditures incurred and advances made in respect of tangible assets in the course of their construction. Transfers are made to the relevant asset category as and when assets are available for intended use.

3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. 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.

3.5 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.

3.6 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.

3.7 Provision for potential losses against advances

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

3.8 Investments

3.8.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and includes transaction costs, except for investments through profit or loss in which case transaction costs are charged to the statement of profit or loss. Subsequent to the initial recognition, investments are classified as either of the following:

- Held for trading (Investment at fair value through profit or loss)
- Held to maturity
- Available for sale

3.8.2 Measurement

(a) Investment at fair value through profit or loss - held for trading.

These Investments held for trading are designated at fair value through profit or loss upon initial recognition. After initial recognition, the above investments are re-measured at fair value determined with reference to the market value prevailing in the stock market, where applicable. Gains or losses on remeasurement of these investments are recognized in the statement of profit or loss.

(b) Held-to-maturity

Investments with fixed maturity and fixed income investments, where the management has positive intent and ability to hold them up to maturity and are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest rate.

(c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are either designated as available-for-sale or not classified as (a) loans and receivables (b) held-to-maturity, or (c) at fair value through profit or loss.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are carried at amortized cost.

3.9 Cash and cash equivalents

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

3.10 Cash and bank balance

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

3.11 Financial instruments

3.11.1 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.

3.11.2 Financial liability

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

3.12 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.

3.13 Funds

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

3.13.1 General fund

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

3.13.2 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.

3.14 Revenue recognition

Donations received in cash (in and without any specific condition attached) are recognized as income. 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 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.

3.15 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.

3.16 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.

3.17 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting 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

2022							
Particulars	Owned						Total
	Free hold land	Building on free hold land	Furniture and fixtures	Office equipment	Computer	Vehicles	
----- Rupees -----							
Year Ended June 30, 2022							
Opening net book value	1,272,925	18,007,562	4,862,587	3,987,699	3,004,946	9,350,753	40,486,472
Additions	-	-	-	704,387	315,477	-	1,019,864
Disposals	-	(619,267)	(1,794)	(18,992)	(218)	(13)	(640,284)
Depreciation charge		(1,449,614)	(1,000,642)	(1,663,745)	(1,620,831)	(5,692,039)	(11,426,871)
Closing net book value	1,272,925	15,938,681	3,860,151	3,009,349	1,699,374	3,658,701	29,439,181
As at June 30, 2022							
Cost	1,272,925	28,992,283	11,291,237	11,761,953	19,415,267	94,799,159	167,532,824
Accumulated depreciation	-	(13,053,602)	(7,431,086)	(8,752,604)	(17,715,893)	(91,140,458)	(138,093,643)
Net book value	1,272,925	15,938,681	3,860,151	3,009,349	1,699,374	3,658,701	29,439,181
Rate of depreciation (%)	-	5	10	20	33.33	20	

2021							
Particulars	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	

4.1 The above include fully depreciated assets costing Rs. 25,441,665 (2021: Rs. 116,273,444).

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

	Note	2022 Rupees	2021 Rupees
Programme expenses			
Community physical infrastructure expenses	22.1	1,373,776	1,576,792
Disaster and preparedness management unit expenses	22.2	1,373,776	1,576,792
Social mobilization programme expenses	22.3	3,184,217	3,654,780
Monitoring and evaluation expenses	22.4	1,373,776	1,576,792
Social services sector expenses	22.5	1,373,776	1,576,792
		8,679,321	9,961,948
Operating expenses			
Administration expenses	23.1	2,747,550	3,153,584
		<u>11,426,871</u>	<u>13,115,532</u>

5 CAPITAL WORK IN PROGRESS

Balance as at July 01	-	-
Additions during the year	16,250,000	-
Transferred to operating fixed assets	-	-
Balance as at June 30	<u>16,250,000</u>	<u>-</u>

6. INTANGIBLE ASSETS

Net carrying value

Balance as at July 01	-	560,697
Additions at cost	-	-
Amortisation charge for the year	23.1	(560,697)
Net book amount at June 30		<u>-</u>

Gross carrying value

Cost	7,355,812	7,355,812
Accumulated amortization	<u>(7,355,812)</u>	<u>(7,355,812)</u>
Balance at June 30	<u>-</u>	<u>-</u>

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

	Note	2022 Rupees	2021 Rupees
7. LONG TERM DEPOSITS			
Government of Sindh	7.1	500,000	500,000
Pakistan State Oil		263,320	163,320
Vehicle to district court		50,000	50,000
Other		-	30,000
		<u>813,320</u>	<u>743,320</u>

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

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 till October 05, 2024 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. INVENTORY

Carpets and handicrafts		<u>753,388</u>	<u>1,537,225</u>
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2022

-----Rupees-----

Interest Free loan	Jannum advances	Total
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10. ADVANCES - NET OF PROVISION

Advances - gross	109,874,554	-	109,874,554
Provisions for doubtful advances	(12,612,029)	-	(12,612,029)
Advances - net of provision	<u>97,262,525</u>	-	<u>97,262,525</u>

	2022		
	-----Rupees-----		
	Interest Free loan	Jannam advances	Total
Movement of advance as follows:			
Balance at July 01,	80,641,627	4,961,786	85,603,413
Disbursement during the year	135,620,000	-	135,620,000
Written of advances	-	(4,836,426)	(4,836,426)
Recovery during the year	(106,387,073)	(125,360)	(106,512,433)
Balance at June 30,	<u>109,874,554</u>	<u>-</u>	<u>109,874,554</u>

10.1 Movement of provision is as follows:

Balance at July 01,	13,595,628	1,367,352	14,962,980
Reversal in provision	(983,599)	-	(983,599)
Written of advances	-	(1,367,352)	(1,367,352)
Provision during the year	-	-	-
Balance at June 30,	<u>12,612,029</u>	<u>-</u>	<u>12,612,029</u>

10.2 These advances are interest free.

	2021		
	-----Rupees-----		
	Interest Free loan	Jannam advances	Total
Advances - gross	80,641,627	4,961,786	85,603,413
Provisions for doubtful advances	(13,595,628)	(1,367,352)	(14,962,980)
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>

10.3 Movement of provision is 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	-	1,104,244	1,104,244
Balance at June 30,	<u>13,595,628</u>	<u>1,367,352</u>	<u>14,962,980</u>

10.4 These advances are interest free.

	Note	2022 Rupees	2021 Rupees
11. SHORT TERM INVESTMENT			
Held to maturity			
Term Deposit Receipts (TDRs)	11.1	<u>78,400,000</u>	<u>-</u>
11.1 This represents TDRs placed with Soneri Bank Limited and United Bank Limited having maturity of 3 months and 12 months respectively, and carry mark up ranging from 8% to 12% (2021: Nil).			
12. INTEREST RECEIVABLE			
Interest receivable on account of:			
Term deposit receipts		5,620,375	-
Thardeep Microfinance Foundation	12.1	<u>9,972,603</u>	<u>10,872,601</u>
		<u>15,592,978</u>	<u>10,872,601</u>
12.1 This represents interest receivable from Thardeep Microfinance Foundation. The interest rate is six months KIBOR plus 3% at the cap of 10% per annum.			
13. DONATIONS RECEIVABLE			
Balance at July 01,		45,780,904	43,953,939
Receivable during the year		6,693,977	12,920,420
Received during the year		<u>(32,606,286)</u>	<u>(11,093,455)</u>
Balance at June 30,	13.1	<u>19,868,595</u>	<u>45,780,904</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, 2022.			
14. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances			
Employees		2,360,946	3,737,585
Suppliers		2,494,567	10,597,870
Micro Drip (Private) Limited (Subsidiary)		-	10,202,229
Prepayments		1,605,444	1,562,388
Receivable from sale of stock		-	1,189,460
Other receivable		789,005	6,099,305
		7,249,962	33,388,837
Less: provision against advance to Micro Drip (Private) Limited		-	(10,202,229)
		<u>7,249,962</u>	<u>23,186,608</u>
15. CASH AND BANK BALANCES			
Cash in hand			
Local currency		102,668	207,234
Balances with banks			
Current accounts		19,034,853	47,384,337
Foreign currency		137,948	134,064
Saving accounts	15.1	<u>288,198,898</u>	<u>611,300,614</u>
		307,371,698	658,819,015
Term deposit receipts	15.2	<u>30,000,000</u>	<u>-</u>
		<u>337,474,366</u>	<u>659,026,249</u>
15.1 These carry interest rate ranging between 6.25% to 12.25% (2021: 4.11% to 6.25%) per annum.			
15.2 This represents TDRs placed with Soneri Bank Limited having maturity of 3 months and carry mark up at 8% per annum (2021: Nil) .			

Donors	2022												
	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	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)	144,146,194	698,788,690	(812,579,014)	-	30,355,870	50,263,548	-	50,263,548	80,619,418	(40,438,235)	(989,952)	(41,428,187)	39,191,231
Welthungerhilfe Islamabad	38,303,644	49,410,599	(37,790,160)	-	29,924,083	10,051,900	497,538	10,549,438	40,473,521	(4,474,140)	(185,816)	(4,659,956)	35,813,565
Government of Sindh, Planning and Development Department (UCBPRP)	-	-	-	-	-	13,428,615	-	13,428,615	13,428,615	(13,428,613)	(234,030)	(13,662,643)	(234,028)
Rural Support Programme Network (RSPN)	79,668,249	202,714,921	(263,572,116)	-	18,811,054	11,275,256	-	11,275,256	30,086,310	(10,720,042)	(217,991)	(10,938,033)	19,148,277
Pakistan Poverty Alleviation Fund (PPAF)	124,592,113	266,821,035	(239,207,967)	(1,566,388)	150,638,793	55,714,293	-	55,714,293	206,353,086	(55,513,368)	(956,564)	(56,469,932)	149,883,154
Sindh Education Foundation	-	111,000	(111,000)	-	-	-	-	-	-	-	-	-	-
OXFAM Netherlands Organization for International Development Co-operation (NOVIIB)	-	-	-	-	-	4,377,325	-	4,377,325	4,377,325	(4,372,204)	(80,219)	(4,452,423)	(75,098)
Concern World Wide	3,664,805	12,070,812	(16,143,614)	(322,045)	(730,042)	356,330	-	356,330	(373,712)	(48,355)	(9,540)	(57,895)	(431,607)
HELPAGE	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	(17,316)	(764,316)	(17,316)
UNESCO	7,604,650	4,435,795	(5,598,489)	-	6,441,936	-	126,995	126,995	6,568,931	-	(2,117)	(2,117)	6,566,834
Brooks Pakistan	-	-	-	-	-	-	-	-	-	-	-	-	-
Save the Children	-	-	-	-	-	8,431,855	-	8,431,855	8,431,855	(8,425,171)	(156,723)	(8,581,894)	(150,039)
Open Society Institute (OSI)	-	-	-	-	-	229,160	-	229,160	229,160	(227,978)	(4,786)	(232,764)	(3,604)
United Nations Development Fund for Women (UN-Women)	-	-	-	-	-	169,500	-	169,500	169,500	(169,500)	(3,886)	(173,386)	(3,886)
United Nations Children Emergency Fund (UNICEF)	-	-	-	-	-	95,000	-	95,000	95,000	(95,000)	(2,639)	(97,639)	(2,639)
United Nations Development Programme (UNDP)	-	-	-	-	-	113,720	-	113,720	113,720	(113,720)	(2,018)	(115,738)	(2,018)
Ministry of Women Development (MOWD)	-	-	-	-	-	1,098,382	-	1,098,382	1,098,382	(1,098,382)	(18,621)	(1,117,003)	(18,621)
Health and Nutrition Development Society (HANDS)	-	-	-	-	-	169,732	-	169,732	169,732	(169,732)	(3,417)	(173,149)	(3,417)
International Labour Organization (ILO)	-	-	-	-	-	2,799,216	-	2,799,216	2,799,216	(2,799,216)	(47,874)	(2,847,090)	(47,874)
Small Grants & Ambassador Fund Program	-	-	-	-	-	159,500	-	159,500	159,500	(159,500)	(3,869)	(163,369)	(3,869)
OXFAM GB	-	-	-	-	-	185,000	-	185,000	185,000	(185,000)	(3,561)	(188,561)	(3,561)
Government of Sindh, Planning and Development Department	-	-	-	-	-	183,700	-	183,700	183,700	(183,700)	(4,808)	(188,508)	(4,808)
Profit from banks deposits	4,050,667	-	-	(1,616,140)	2,434,527	-	-	-	2,434,527	-	-	-	2,434,527
	403,189,456	1,234,352,852	(1,395,002,360)	(3,504,373)	239,035,375	159,849,032	624,533	160,473,565	399,508,940	(143,368,856)	(2,945,747)	(146,314,603)	253,194,337
										(1,397,948,107)	(1,404,642,084)		

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	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)	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)	153,971,506
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 (NOVIIB)	-	-	-	-	-	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)	(13,075,364)	403,189,455	157,216,271	2,632,761	159,849,032	363,038,487	(134,362,602)	(9,006,254)	(143,368,856)	419,669,631

	Note	2022 Rupees	2021 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 represents interest free loan from Pakistan Poverty Alleviation Fund, which is repayable on or after December 31, 2023. This is secured against microcredit sub loans financed from such amounts.		
18. ACCRUED AND OTHER LIABILITIES			
Accrued expenses		1,468,718	19,895,622
Other payable		<u>5,480,265</u>	<u>2,775,810</u>
		<u>6,948,983</u>	<u>22,671,432</u>
19. CONTINGENCIES AND COMMITMENTS			
19.1	There are no contingencies as at June 30, 2022.		
19.2	There are no commitments as at June 30, 2022 (2021: Nil)		
20. DONATIONS AND GRANTS			
General donation / grant income	20.1	1,332,385,973	1,287,980,442
Disaster and preparedness management unit	20.1	<u>72,606,110</u>	<u>94,978,022</u>
		<u>1,404,992,083</u>	<u>1,382,958,464</u>

20.1 Following is the detail of donations realised:

Donations	Disaster and preparedness unit	General donation	Total	Disaster and preparedness unit	General donation	Total
	2022			2021		
Donations realized in cash from:						
Pakistan Poverty Alleviation Fund (PPAF)	-	17,671,500	17,671,500	9,215,430	451,373,605	460,589,035
European Unions (EU)	-	812,579,014	812,579,014	-	566,371,752	566,371,752
Philanthropists	-	350,000	350,000	-	-	-
Welthungerhilfe	72,606,110	-	72,606,110	37,017,915	-	37,017,915
Rural Support Programme Network (RSPN)	-	270,266,093	270,266,093	-	214,724,636	214,724,636
United Nations Educational, Scientific and Cultural Organization	-	5,598,489	5,598,489	-	-	-
Concern World Wide	-	16,143,614	16,143,614	48,744,677	37,817,425	86,562,102
HELP Age International	-	-	-	-	460,454	460,454
NPGP Govt. of Pakistan	-	205,014,740	205,014,740	-	-	-
SSGC	-	1,705,777	1,705,777	-	-	-
GOS SLMP	-	-	-	-	3,896,578	3,896,578
Brooks Pakistan	-	-	-	-	2,512,823	2,512,823
Sindh Education Fund (SEF)	-	111,000	111,000	-	1,816,915	1,816,915
Grant related to assets	-	2,945,746	2,945,746	-	9,006,254	9,006,254
Total donations realised in cash	72,606,110	1,332,385,973	1,404,992,083	94,978,022	1,287,980,442	1,382,958,464

20.2 Breakup of donations realized in cash

Transferred from deferred income (refer note 16)	72,606,110	1,325,341,996	1,397,948,106	94,978,022	1,275,060,022	1,370,038,044
Transferred from donation receivables (refer note 13)	-	6,693,977	6,693,977	-	12,920,420	12,920,420
Income recognized from Bank profit	-	-	-	-	-	-
Income directly recognized	-	350,000	350,000	-	-	-
	72,606,110	1,332,385,973	1,404,992,083	94,978,022	1,287,980,442	1,382,958,464

	Note	2022 Rupees	2021 Rupees
21. INCOME FROM OTHER ACTIVITIES			
Income on loans			
Thardeep Microfinance Foundation		40,000,001	42,782,701
Services income			
Income from:			
- transportation		1,868,706	6,357,600
- guest houses		2,644,492	2,476,381
- natural resource management		4,160	40,820
		4,517,358	8,874,801
Other income			
Proceeds from sale of carpets		190,000	684,450
Gain on disposal of assets		5,100,716	-
Saving accounts		62,399,641	58,098,214
Other income		5,634,082	771,030
Reversal of provision		983,599	5,958,654
		74,308,038	65,512,348
		<u>118,825,397</u>	<u>117,169,850</u>
22. PROGRAMME EXPENSES			
Programme specific			
Community physical infrastructure expenses	22.1	205,445,706	40,885,676
Disaster and preparedness management unit expenses	22.2	52,602,819	95,199,681
Social mobilization programme expenses	22.3	565,590,806	923,291,048
Monitoring and evaluation expenses	22.4	29,035,356	25,349,846
Social services sector expenses	22.5	603,704,353	315,062,143
Total expenses		<u>1,456,379,040</u>	<u>1,399,788,394</u>
22.1 Community physical infrastructure expenses			
Salaries		18,849,553	19,148,806
Infrastructure projects		173,854,391	10,611,387
Transportation		6,703,244	6,305,669
Solar lights for homes		1,686,600	-
Depreciation	4.2	1,373,776	1,576,792
Hand pumps installed		-	149,680
Office rent		868,347	884,744

	Note	2022 Rupees	2021 Rupees
Utilities		669,031	631,758
Consumable		323,468	368,151
Stationery		179,649	150,780
Travel and accommodation		155,875	191,177
Communication		228,715	223,408
Per diem and allowances		176,871	103,787
Insurance		-	38,580
Publication		2,203	16,585
Repair and maintenance		43,648	94,215
Entertainment and miscellaneous expenses		330,335	390,157
		<u>205,445,706</u>	<u>40,885,676</u>
22.2 Disaster and preparedness management unit expenses			
Salaries		3,534,291	3,590,401
Climate change adaptation and enhancing resilience regarding food and nutrition security of smallholders		39,584,454	83,648,647
Floods Response Programme (Shelter, WASH and FSL)		1,780,534	137,665
Transportation		3,351,622	3,152,834
Depreciation	4.2	1,373,776	1,576,792
Office rent		868,347	884,744
Utilities		669,031	631,758
Consumables		323,468	368,151
Stationery		179,649	150,780
Travel and accommodation		155,875	191,177
Communication		228,715	223,408
Per diem and allowances		176,871	103,787
Insurance		-	38,580
Publication		2,203	16,585
Repair and maintenance		43,648	94,215
Entertainment and miscellaneous expenses		330,335	390,157
		<u>52,602,819</u>	<u>95,199,681</u>
22.3 Social mobilization programme expenses			
Salaries		131,946,871	134,041,640
Sindh Union Council and Community		170,534,127	400,780,796
Adolescent and adult learning		148,591,739	-
Community training		692,231	49,675

	Note	2022 Rupees	2021 Rupees
Transportation		40,219,461	37,834,013
Livelihood enhancement protection		-	267,895,716
National Socio Economic Registry Update Survey		18,771,989	-
Office rent		11,288,512	11,501,676
Utilities		8,028,367	7,581,096
Local support organization		7,868,873	40,035,055
Depreciation	4.2	3,184,217	3,654,780
Consumable		3,881,612	4,417,807
Stationery		2,155,784	1,809,365
Travel and accommodation		1,870,496	2,294,126
Communication		2,744,577	2,680,897
Per diem and allowances		2,122,456	1,245,441
Insurance		-	462,964
Written-off loans		7,131,617	-
Staff development		-	6,825
Publication		26,436	199,018
Repair and maintenance		567,421	1,224,793
Community Re-engagement through CRPs/Pos		-	893,486
Entertainment and miscellaneous expenses		3,964,020	4,681,879
		<u>565,590,806</u>	<u>923,291,048</u>

22.4 Monitoring and evaluation expenses

Salaries		11,780,971	11,968,004
Transportation		3,351,622	3,152,834
Monthly review		3,914,590	1,762,361
Video documentary / exhibition		3,426,127	-
Depreciation	4.2	1,373,776	1,576,792
Networking		1,484,359	375,056
Office rent		868,347	884,744
Directors meeting cost / sub committee		725,769	3,421,457
Utilities		669,031	631,758
Consumable		323,468	368,151
Stationery		179,649	150,780
Travel and accommodation		155,875	191,177
Communication		228,715	223,408
Per diem and allowances		176,871	103,787
Insurance		-	38,580
Publication		2,203	16,585
Repair and maintenance		43,648	94,215
Entertainment and miscellaneous expenses		330,335	390,157
		<u>29,035,356</u>	<u>25,349,846</u>

	Note	2022 Rupees	2021 Rupees
22.5 Social services sector expenses			
Salaries		45,945,785	46,675,214
Income generating grants		310,297,905	-
Programme for Improved Nutrition in Sindh (PINS)		195,838,147	154,869,402
National Poverty Graduation Programme		14,885,834	-
CSOs Building Resilience through Improved Delivery, Governance and Empowerment		13,624,665	-
Health activities /MCH activities		211,790	5,000
Transportation		6,703,244	6,305,669
Depreciation	4.2	1,373,776	1,576,792
Education		10,481,952	319,440
Office rent		868,347	884,744
Utilities		669,031	631,758
Consumable		323,468	368,151
Stationery		179,649	150,780
Travel and accommodation		155,875	191,177
Communication		228,715	223,408
Per diem and allowances		176,871	103,787
Insurance		-	38,580
Publication		2,203	16,585
Repair and maintenance		43,648	94,215
Entertainment and miscellaneous expenses		330,335	390,157
COVID-19 Emergency Response		435,378	99,494,633
Natural resource management expense		608,513	2,722,651
Growth for Advancement and Sustainable Progress-GRASP		319,222	-
		<u>603,704,353</u>	<u>315,062,143</u>
23. OPERATING EXPENSES			
Administration expenses	23.1	46,417,254	46,778,827
Marketing expenses	23.2	3,390,714	3,861,897
		<u>49,807,968</u>	<u>50,640,724</u>
23.1 Administration expenses			
Salaries		21,205,747	21,542,406
Transportation		6,703,242	6,305,669
Depreciation	4.2	2,747,550	3,153,584
Amortization of intangibles	6	-	560,697
Guest house expense		2,524,646	1,938,895

	Note	2022 Rupees	2021 Rupees
Auditors' remuneration	23.1.1	1,434,191	1,284,069
Utilities		2,676,120	2,527,032
Office rent		1,736,694	1,769,489
Consumable		1,293,869	1,472,602
Stock written off		1,189,460	-
Stationery		718,593	603,122
Travel and accommodation		623,497	764,709
Communication		914,858	893,632
Per diem and allowances		707,486	415,147
Legal fee		523,855	1,578,058
Insurance		-	154,321
Publication		8,812	66,339
Repair and maintenance		87,294	188,430
Entertainment and miscellaneous expenses		1,321,340	1,560,626
		<u>46,417,254</u>	<u>46,778,827</u>
23.1.1 Statutory audit		696,674	633,340
Audit fee of the project		621,517	577,000
Out of pocket expenses		116,000	73,729
		<u>1,434,191</u>	<u>1,284,069</u>
23.2 Marketing expenses			
Salaries		2,356,194	2,393,601
Office rent		868,347	884,744
Cost of carpets		122,525	489,337
Repair and maintenance		43,648	94,215
		<u>3,390,714</u>	<u>3,861,897</u>
24 Financial charges			
Bank charges		<u>4,948,928</u>	<u>4,770,062</u>
25 TAXATION			
Taxation			
Current	25.1	15,295,143	4,984,666
Prior	25.2	64,358,155	7,150,906
		<u>79,653,298</u>	<u>12,135,572</u>
25.1	This includes advance tax deducted on the bank profits and cash withdrawals.		

25.2 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 Non-Profit Organisation. 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.

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 had filed an appeal to Commissioner Inland revenue against the order.

During the year, after due hearing, the FBR issued order no. 448 dated April 28, 2022 with respect to tax year 2014 and 2015 under section 122 (5A) of the Income Tax Ordinance 2001, and raised tax demand of Rs. 45.321 million and Rs. 26.187 million respectively, for the above tax years. The said amount has been recovered from the Society and recorded as tax expense. The Company has filed an appeal with the Appellate Tribunal Inland Revenue (ATIR), Karachi against the order and the same is pending for hearing.

26. NUMBER OF EMPLOYEES

Number of employees as at June 30, 2022 were 395 (June 30, 2021 : 429).

27. TRANSACTIONS WITH RELATED PARTIES

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

27.1 Names of related parties, nature and basis of relationship are

Name of related parties	Nature of relationship	Basis of Relationship
Rural Support Program Network	Associated Undertaking	Common Directorship
Thardeep Microfinance Foundation	Associated Undertaking	Common Directorship
Mr. Allah Nawaz Samoo	Key management personnel	Executive employee

27.2 Transactions during the year

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

Nature of transaction	Relation with the Company	Basis of Relationship	2022 Rupees	2021 Rupees
Expenses incurred	Associated undertaking	Common Directorship	263,572,116	214,724,635
Donation received	Associated undertaking	Common Directorship	202,714,921	71,072,404
Loan repaid by TMF	Associated undertaking	Common Directorship	-	15,000,000
Interest income	Associated undertaking	Common Directorship	40,000,001	42,782,701
Interest received	Associated undertaking	Common Directorship	30,027,398	31,910,100
Executive remuneration	Key Management Personnel	Executive employee	14,012,910	12,276,444

2022
Rupees **2021**
Rupees

27.3 Year end balances

Thardeep Microfinance Foundation(TMf) - Associated Undertaking

Long term and short term loan	400,000,000	400,000,000
Interest receivable	15,592,978	10,872,601

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

28.1 Financial instruments by category

Financial assets as per statement of financial position

Long term deposits	813,320	743,320
Long term loan	400,000,000	400,000,000
Short term loan	-	-
Advances - net of provisions	97,262,525	70,640,433
Accrued interest	9,972,603	10,872,601
Donations receivable	19,868,595	45,780,904
Advances and other receivables	3,149,951	11,026,350
Cash and bank balances	307,474,366	659,026,249
	<u>838,541,360</u>	<u>1,198,089,857</u>

	2022 Rupees	2021 Rupees
Financial liabilities as per statement of financial position		
Long term loan	112,605,622	112,605,622
Accrued and other liabilities	6,948,983	22,671,432
	<u>119,554,605</u>	<u>135,277,054</u>

28.2 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

28.2.1 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:

Long term deposits	813,320	743,320
Long term loan	400,000,000	400,000,000
Short term loan	-	#REF!
Advances - net of provisions	97,262,525	70,640,433
Interest receivable	9,972,603	10,872,601
Donations receivable	19,868,595	45,780,904
Advances and other receivables	3,149,951	11,026,350
Bank balances	337,371,698	658,819,015
	<u>868,438,692</u>	<u>#REF!</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, 2022 is as follows:

Ageing Tenure	Overdue of Janum	Overdue of IFL	Total Overdue Advances
	----- Rupees -----		
From 0-12 months	-	-	-
From 13-24 months	-	5,000	5,000
From 25-36 months	-	33,329	33,329
More than 36 months	-	12,573,700	12,573,700
	-	<u>12,612,029</u>	<u>12,612,029</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.

28.2.2 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 Pakistan Poverty Alleviation Fund (PPAF) 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.

28.2.3 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:

28.2.3.1 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:

	2022 Rupees	2021 Rupees
Fixed rate instruments		
Financial assets		
- Bank balances	<u>288,336,845</u>	<u>611,434,678</u>
	<u>288,336,845</u>	<u>611,434,678</u>
Variable rate instruments		
Financial assets		
- Long term loan	<u>400,000,000</u>	<u>400,000,000</u>
	<u>400,000,000</u>	<u>400,000,000</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 (2021: 4.00 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.

28.3 Liquidity profile of the financial instruments

		2022						
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	-	-	-	6,948,983	-	6,948,983	6,948,983
					6,948,983	112,605,622	119,554,605	119,554,605
Financial assets								
Long term deposits	7	-	-	-	-	813,320	813,320	813,320
Long term loan	8	6 months KIBOR plus 3% per annum	400,000,000	400,000,000	-	-	-	400,000,000
Advances - net of provisions	10	-	-	-	97,262,525	-	97,262,525	97,262,525
Interest receivable	12	-	-	-	9,972,603	-	9,972,603	9,972,603
Donations receivable	13	-	-	-	19,868,595	-	19,868,595	19,868,595
Advances and other receivables	14	-	-	-	3,149,951	-	3,149,951	3,149,951
Cash and bank balances	15	4.11% - 6.25%	288,336,845	288,336,845	19,137,521	-	19,137,521	307,474,366
			288,336,845	688,336,845	149,391,195	813,320	150,204,515	838,541,360

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

		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	18	-	-	-	-	112,605,622	112,605,622	112,605,622
Accrued and other liabilities	19	-	-	-	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	7	-	-	-	-	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	10	-	-	-	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% - 12.1%	611,434,678	611,434,678	47,591,571	-	47,591,571	659,026,249
			611,434,679	1,011,434,679	185,911,859	743,320	186,655,179	1,198,089,857

29. SUBSEQUENT EVENT

Subsequent to year ended June 30, 2022, monsoon season caused mass flooding in the province of Sindh which adversely affected the lifestyle and economic condition of individuals specially in the under developed areas of Sindh.

Keeping in view the advances portfolio of the Society, the Society believes that this calamity has affected the operations of the Society. The management is in the process of analysing the consequences and potential impact, if any, on the Society's operations including the recoverability of advances given to poor communities for poverty alleviation and welfare of the community's betterment. However, at this stage, the financial impact of this event cannot presently be determined in these financial statements.

Further, the management and the Board of Director of the Society continue to monitor the developing situation and impact, if any, will be accounted for in the financial statements for the subsequent periods.

30. DATE OF AUTHORISATION

These financial statements were authorised for issue on _____, by the Board of Directors of the Society.

31. GENERAL

Figures have been rounded off to the nearest Rupee. *Bm*



CHIEF EXECUTIVE OFFICER



TREASURER