



**FINANCIAL STATEMENTS
OF
INDUS RESOURCE CENTRE
FOR THE YEAR ENDED
JUNE 30, 2015**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

The Board of Directors,
Indus Resource Centre,
D-42/B, Block No. 1,
K.D.A Scheme 5, Clifton
Karachi.

February 12, 2016
I-79/A-0094/16

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Ladies and Gentlemen:

We have completed the audit of your Society's financial statements for the above referred year and are pleased to enclose herewith two copies of the draft financial statements together with our draft audit report duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by the Board and signed on their behalf by the Chief Executive and at least one other Director and on receipt / review of the following:

- a) Letter of representation addressed to us on behalf of the Board of Directors and signed by the Chief Executive and Chief Financial Officer as per draft provided by us.
- b) Board of Directors resolutions in respect of the following items related to the year referred above:
 - Additions to fixed assets amounting to Rs. 14.568 million
 - Capital work in process amounting to Rs. 0.949 million
- c) Balance confirmations from Standard Chartered Bank, Sukkur, Account No. 01181010401, Dadu region.

Our observations on this set of financial statements are as follows:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Society's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Society and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. OPERATING FIXED ASSETS

- 2.1 We have observed that fixed assets register is not complete and does not take into account assets purchased in the initial years of organization. We suggest a complete physical verification of fixed assets be conducted to ensure the completeness of fixed asset register and custody of fixed assets.
- 2.2 We have not physically verified property and equipment as at balance sheet date. Kindly confirm existence of property and equipment at the balance sheet date.

3. INSURANCE OF ASSETS

During the course of audit, we have observed that no insurance cover has been obtained for the fixed assets of the Society except for vehicles. We recommend that insurance cover should be obtained to ensure that the assets are adequately secured. Furthermore, cash in hand at various regions is also not insured.

4. TAXATION

The Society has received show cause notices from Sindh Revenue Board to compulsorily register activities of Khazana outlet under Sindh Sales Tax on Services Act, 2011 as they render taxable services falling under the heading 9801.6000 of the Second Schedule under the said Act i.e. ancillary services provided by hotels and restaurants etc.

The Society vide letter dated January 19, 2012 responded to the SRB that it has not complied with the above mentioned act on the grounds that the Society is a non-governmental Organization and does not consider the Khazana restaurant and Pizza outlet as a commercial venture, rather it is regarded as a social enterprise.

We understand that no further notice / correspondence have been received from SRB after the date of management response and up to the date of audit report. However, we reiterate that legal advice should be sought relating to the taxability of the above mentioned activities.

5. STAFF RETIREMENT BENEFITS

We have observed that the Society does not account for staff retirement benefits in respect of its permanent employees. Sub clause (6) of clause (12) of Schedule to The Industrial & Commercial Employment (Standing Orders) Ordinance, 1968 provides that where a workman, who works for more than six months, resigns from his service or where his services are terminated, then he is entitled to the staff retirement benefits which is either gratuity or provident fund or both.

Workman is defined under the above said Order as a person employed in any industrial or commercial establishment to do any skilled or unskilled, manual or clerical work for hire or reward.

However, as per management, provident fund has been established for their staff subsequently.

6. FINANCIAL REPORTING CLOSE PROCESS

We have observed that financial reporting close process is being conducted once a year and there is no control mechanism in place for periodic quarterly reporting. We recommend an interim reporting and close out mechanism be devised to enhance control over reporting process.

7. INTERNAL AUDIT DEPARTMENT

We have observed that the Society has not established a comprehensive Internal Audit Function operating under the framework of an Internal Audit Charter. Internal audit function is an independent and objective assurance and controlling activity, designed to add value and improve the Society's operations. In the absence of an internal audit function, proper internal control environment cannot be established. We recommend that there should be an internal audit department to carry out checks regularly to ensure that the systems as designed and implemented are being rigidly followed and that procedures are standardized and to maintain proper internal control over

the day to day operational activities. The internal audit department should also ensure that the assets of the Society are properly safeguarded at all times.

8. PAYROLL AND RELATED COST

8.1 We have observed that salaries paid to many employees of the Society are below the minimum wage standard of Rs. 10,000 per month and is therefore a violation of labour laws.

8.2 We have observed that the Society is charging salaries to Donor projects on the basis of budget availability rather than on actual amounts or time utilization basis. Kindly confirm that this does not represent any non-compliance with Donor agreements.

9. CONTINGENCIES AND COMMITMENTS

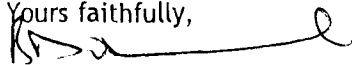
We have been informed by the management that there are no contingencies and commitments as on the date of the financial statements other than those disclosed in the financial statements.

10. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties other than those disclosed in the notes to the financial statements.

We take this opportunity to thank all your staff for the courtesy and cooperation extended to us during the course of our audit.

Yours faithfully,



BDO EBRAHIM & CO.

Encl.as above

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **INDUS RESOURCE CENTRE ("The Society")** as at June 30, 2015, the related income and expenditure account and statement of comprehensive income together with the notes forming part thereof (here-in-after referred to as the financial statements) for the year then ended.

These financial statements are the responsibility of the management of the Society. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements give a true and fair view of **INDUS RESOURCE CENTRE'S** affairs as at June 30, 2015 and of the result of its operations for the year then ended.

KARACHI**DATED: 13 FEB 2016****CHARTERED ACCOUNTANTS**

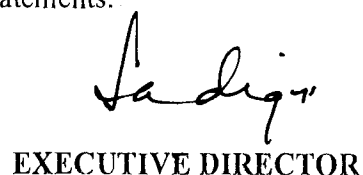
Engagement Partner: Zulfikar Ali Causer

**INDUS RESOURCE CENTRE
BALANCE SHEET
AS AT JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	74,359,304	64,490,777
Capital work in progress	5	949,433	5,188,798
Intangible assets	6	942,080	1,177,600
Long term deposits		2,265,442	1,074,996
		<u>78,516,259</u>	<u>71,932,171</u>
CURRENT ASSETS			
Advances and other receivables	7	24,518,392	24,233,793
Stock-in-trade		2,389,250	1,230,091
Grant receivable	8	54,340,116	33,895,572
Cash and bank balances	9	65,837,865	100,008,281
		<u>147,085,623</u>	<u>159,367,737</u>
TOTAL ASSETS		<u><u>225,601,882</u></u>	<u><u>231,299,908</u></u>
FUND AND LIABILITIES			
FUND			
Unrestricted	10	88,697,389	82,861,506
Designated			
Specific building fund	10	4,552,893	4,820,671
		<u>93,250,282</u>	<u>87,682,177</u>
NON-CURRENT LIABILITIES			
Deferred capital grants	11	1,412,986	2,169,113
CURRENT LIABILITIES			
Trade and other payables	12	67,428,680	55,252,897
Grant received in advance	13	63,509,934	86,195,721
		<u>130,938,614</u>	<u>141,448,618</u>
CONTINGENCIES AND COMMITMENTS	20		
TOTAL FUND AND LIABILITIES		<u><u>225,601,882</u></u>	<u><u>231,299,908</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


CHAIRPERSON

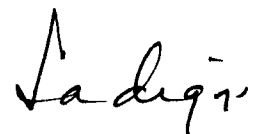

EXECUTIVE DIRECTOR

**INDUS RESOURCE CENTRE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
INCOME			
Grant income	14	342,875,094	293,516,198
Service charges	15	3,377,948	2,907,178
Sales	16	10,734,217	13,052,862
Profit on bank deposits		289,165	395,607
		<u>357,276,424</u>	<u>309,871,845</u>
EXPENDITURE			
Programme and project expenses	17	280,513,884	236,136,802
Expenditure incurred on unrestricted projects	18	70,446,828	69,036,963
Financial charges	19	479,821	736,481
		<u>351,440,533</u>	<u>305,910,246</u>
Net surplus for the year		<u>5,835,891</u>	<u>3,961,599</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


CHAIRPERSON


EXECUTIVE DIRECTOR



**INDUS RESOURCE CENTRE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014
	Rupees	Rupees
Net surplus for the year	5,835,891	3,961,599
Other comprehensive income	-	-
Total comprehensive income for the year	<u>5,835,891</u>	<u>3,961,599</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


CHAIRPERSON


EXECUTIVE DIRECTOR

**INDUS RESOURCE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

1 NATURE AND STATUS OF THE SOCIETY

1.1 Indus Resource Centre (the Society) was registered on July 27, 1999 under the Societies Registration Act. XXI of 1860. The registered office of the Society is situated at Karachi with its regional offices at Khairpur, Sukkur, Dadu, Shahdadkot, Sehwan and Hyderabad. Society is engaged exclusively for charitable, educational and literacy activities.

1.2 Following is the list of region wise projects along with the names of Donors which are in progress as at the balance sheet date.

a) Khairpur region

Project name	Donor
Development in Literacy	DIL
Three Government School	GOS
Engro Schools	Engro foundation
Engro Schools - Ghotki	Engro foundation
Wood Craft Centre	IRC
Khazana Pizza	IRC
DIL School Project	DIL
DIL Micro Credit	DIL
Increasing Access to Quality	SEF
IRC Agriculture	IRC
Main Office Ghotki	IRC
Regional Office khairpur / Guest	IRC
TVET EC	OXFAM NOVIB
TVET - MSFII	OXFAM NOVIB
Community Development Programme	GOS
Khazana Outlet	IRC
Child rights in Cotton Farming	UNICEF
Skill & Institutional development	PPAF
District office Sukkur	IRC

b) Dadu region

PEFSA IV & V	OXFAM/GB
Regional Office Dadu	IRC
OXFAM GB PKNC 26 (Shahdadkot)	OXFAM/GB
Regional Office-Sehwan	IRC

Project name	Donor
Strengthening State run shelters & community responsiveness to gender based violence	DAI
Restoring Community Livelihood in Flood STEAP	Trocaire TAF
CPI (Sehwan)	PPAF
Main Office-Shahdadkot	IRC
PKNC 59	OXFAM
PKNC 60	OXFAM
CBDRR	Trocaire
School Fees Account	IRC
Aalif Alain	DAI

c) Karachi region

Sindh reading programme	USAID
Sindh Community Mobilization programme	USAID
Improving Sexual & Reproductive Health Outcomes of girls through life skills based education	Packard
Its My Right Make Its Happen	ILM IDEA
Sunday Bazar / Zamazama Mall	IRC
Head Office Karachi	IRC
Give to Asia	Give to Asia
PPAF Education III	PPAF
Child Sponsorship	Individuals
Flood Relief	Individuals
Regional Office Karachi	IRC
Bringing girls back to schools	Oxfam GB
Sindh Tour	IRC

1.3 Following is the list of region wise projects along with the names of Donors which has been completed during the year.

a) Khairpur region

Accelerating Girls Education	UNICEF
LTEOOP-TDEA	TAF
Wash & Irish	UNICEF
CMAM 14 UC	UNICEF
CMAM 10+4 UC	UNICEF
Reproductive Health	Packard

Project name	Donor
b) Dadu region	
Deutsche Bank Concern World Wide ECHO	IRC Concern
c) Karachi region	
FAFEN	TAF
UNICEF-CP II	UNICEF
SMC	RSU
PRACTICUM	IRC
TVET Reform Support Programme	GIZ
District office Mirpur Khas	IRC

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention following the accrual basis of accounting for expenses and income except for donations which are recognized on cash basis. However, commitment for the contributions for the current year's activities are accrued at year end if their collectability is certain and which relates to the current period.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the functional and presentation currency for the Society.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Funds

The accounts of the Society are maintained substantially in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting and reporting purposes, into funds that are in accordance with activities or objectives specified by donor. In the accounts of Society, two main groups of funds are distinguished, unrestricted and restricted funds.

Funds received / receivable and expensed out are accounted for in the statement of funds.

a) Unrestricted funds

Funds received for ongoing operations, without any restrictions, are classified as unrestricted funds.

b) Restricted funds

Funds received for specific purposes are classified as restricted funds with separate accounting records being maintained for each fund.

Restricted funds representing donations and other related income and cost recoveries are classified as restricted funds. Expenses incurred out of restricted funds are reflected in the statement of funds. Funds utilized for capital expenditure are transferred to deferred capital grant account, with an amount of equal charge for depreciation on assets so purchased being transferred to deferred capital grants.

3.2 Property, plant and equipment

These are stated at cost less accumulated depreciation. Depreciation is charged using diminishing balance method at the rates specified in the relevant note.

Full year depreciation is charged during the year in which the asset is acquired, while no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred.

Property and equipment of the completed projects, if donated, are transferred at their net book value to other projects of the Society, or returned to the donor concerned, as per agreed terms.

3.3 Impairment

The carrying amount of the Society's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

3.4 Intangibles

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is provided on a straight line basis at the rates disclosed in the relevant notes to the financial statements. Cost associated with maintaining computer softwares are recognized as an expense as and when incurred.

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3.5 Other receivables

Other receivables are stated initially at fair value and subsequently measured at amortized cost less an estimate made for doubtful debts, if any, based on review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.6 Cash and bank balances

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

3.7 Accrued expenses and other liabilities

Liabilities for accrued expenses and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Society.

3.8 Taxation

The Society, being a non-profit Society under section 2(36) of the Income Tax Ordinance, 2001, is exempt from taxation as per Income Tax Ordinance, 2001.

3.9 Revenue recognition

Donations, fees and programme income other than donors' grants to carry out specific projects, are recognised as and when received.

Unrestricted grants are recognized in income and expenditure account on receipt basis.

Restricted grants received for revenue expenditure are treated as "Grant income" upon utilization. Expenditures not approved by donor are reversed in the year intimation is received and amounts are treated as expenditure incurred by the Society from its own funds. Grants which involve funding for property, plant and equipment to be utilized in the projects are deferred and amortized over the estimated useful lives of related assets.

Restricted grants received in kind for capital expenditure where ownership of assets is transferred, are recognized as property, plant and equipment by crediting "Deferred Capital Grant" at fair values.

For ongoing projects and programmes, for which the funding has been agreed at the end of the reporting period is recognized as grant receivable to the extent of expenditure incurred.

Revenue from sales is recognised upon passage of title to the customers that generally coincides with physical delivery.

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Profit on bank deposits related to projects is recognised on receipt basis and credited to respective donors' grant account while profit on bank deposits related to the Society is recognised as income on receipt basis.

Allocation of expenses

Programme related expenses are incurred in respect of goods and services distributed to beneficiaries in accordance with the programme objective and activities. Society's Head Office overhead expenses are allocated to various projects and programmes based on agreement with donors or as per management's estimate.

3.10 Related party transactions and transfer pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Society and related parties are carried out at an arm's length.

3.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Society becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently.

3.12 Foreign currency translation

a) Grants

Grants are translated into rupees at rates applicable on the transaction date or agreed rates, if any. Where grants are recognized at agreed rates, exchange differences on translation are initially recognized as "Exchange Difference on Unutilized Grant" and upon submission of utilization reports to the donors, proportionate amount is transferred to income and expenditure account.

b) Other than grants

Transactions other than grants are translated into rupees at rates applicable on the transaction date. Monetary assets and liabilities are revalued at the applicable exchange rate prevailing at the balance sheet date. Exchange differences on translation during the year are recognized in income and expenditure account currently.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Restricted

Particulars	C o s t				Rate %	D e p r e c i a t i o n				Book value as at 30-06-2015	
	As at 01-07-2014	Additions	Disposals	Transfers		As at 30-06-2015	As at 01-07-2014	For the year	Adjustments		As at 30-06-2015
Owned											
Computers	3,385,104	301,600	-	(1,230,369)	2,456,335	33.33	2,143,808	364,487	(842,874)	1,665,421	790,914
Office equipment	839,610	-	-	(107,430)	732,180	20	370,606	88,080	(56,924)	401,763	330,417
Furniture and fixtures	180,600	-	-	(40,400)	140,200	20	75,888	17,198	(21,679)	71,407	68,793
Vehicles	738,040	-	-	(288,040)	450,000	20	611,842	10,134	(212,514)	409,462	40,538
Generator	356,100	-	-	-	356,100	20	128,196	45,581	-	173,777	182,323
Total Rupees - 2015	5,499,454	301,600	-	(1,666,239)	4,134,815		3,330,340	525,480	(1,133,991)	2,721,830	1,412,984
Total Rupees - 2014	5,150,531	348,923	-	-	5,499,454		2,472,474	857,866	-	3,330,340	2,169,114

4.2 Unrestricted

Particulars	C o s t				Rate %	D e p r e c i a t i o n				Book value as at 30-06-2015	
	As at 01-07-2014	Additions	Disposals	Transfer		As at 30-06-2015	As at 01-07-2014	For the year	Transfer		As at 30-06-2015
Owned											
Computers	5,314,265	23,300	-	1,230,369	6,567,934	33.33	4,346,360	465,200	842,873	5,654,433	913,501
Office equipment	7,238,729	560,670	-	161,050	7,960,449	20	4,788,443	614,449	56,924	5,459,815	2,500,634
Furniture and fixtures	4,820,263	208,246	-	40,400	5,068,909	20	3,151,173	375,366	21,679	3,548,218	1,520,691
Vehicles	14,460,605	701,000	(1,000,000)	288,040	14,449,645	20	8,934,777	1,181,576	(377,885)	9,738,467	4,711,178
Books	431,239	-	-	-	431,239	20	365,383	13,171	-	378,554	52,685
Air conditioners	223,000	-	-	-	223,000	25	165,079	11,584	-	176,663	46,337
School building	3,273,700	11,344,101	-	-	14,617,801	4	1,420,029	527,911	-	1,947,940	12,669,861
Land (Note 4.3)	35,863,733	1,430,000	-	-	37,293,733	-	-	-	-	-	37,293,733
Leased											
Building	16,118,794	-	-	-	16,118,794	4	2,251,420	629,673	-	2,881,093	13,237,701
Total Rupees - 2015	87,744,328	14,267,317	(1,000,000)	1,719,859	102,731,504		25,422,664	3,818,930	543,591	29,785,183	72,946,320
Total Rupees - 2014	75,077,655	13,061,673	-	(395,000)	87,744,328		22,256,440	3,508,207	(341,984)	25,422,663	62,321,664
Grand total - 2015	93,243,782	14,568,917	(1,000,000)	53,620	106,866,319		28,753,004	4,344,410	(590,401)	32,507,013	74,359,304
Grand total - 2014	80,228,186	13,410,596	-	(395,000)	93,243,782		24,728,914	4,366,073	-	28,753,004	64,490,777

4.3 Subsequent to balance sheet date, land located at plot number F-3/2, block-8, Clifton Karachi was sold out for proceeds amounting to Rs. 26 million. The proceeds for sale and title transfer are pending as of the date of the issue of these financial statements.

	Note	2015 Rupees	2014 Rupees
5 CAPITAL WORK IN PROGRESS			
This comprises of:			
Civil works	5.1	<u>949,433</u>	<u>5,188,798</u>
5.1 The movement of carrying amount is as follows:			
Opening balance		5,188,798	7,571,467
Additions - at cost		949,433	5,188,798
Transferred to operating fixed assets		<u>(5,188,798)</u>	<u>(7,571,467)</u>
Closing balance		<u>949,433</u>	<u>5,188,798</u>
6 INTANGIBLE ASSETS			
Net book value basis (NBV)			
Opening book value		1,177,600	1,472,000
Additions		-	-
		<u>1,177,600</u>	<u>1,472,000</u>
Amortisation charged		<u>(235,520)</u>	<u>(294,400)</u>
Closing net book value		<u>942,080</u>	<u>1,177,600</u>
Gross carrying value basis			
Cost		2,300,000	2,300,000
Accumulated amortisation		<u>(1,357,920)</u>	<u>(1,122,400)</u>
Closing net book value		<u>942,080</u>	<u>1,177,600</u>
		----- Percentage -----	
Amortisation rate per annum		20%	20%
7 ADVANCES AND RECEIVABLES			
(Unsecured - considered good)			
Advance to employee	7.1	1,000,000	1,000,000
Other receivables		<u>23,518,392</u>	<u>23,233,793</u>
		<u>24,518,392</u>	<u>24,233,793</u>

7.1 This amount is interest free and there are no fixed terms for repayments.

	Note	2015 Rupees	2014 Rupees
8 GRANT RECEIVABLE			
Khairpur	10.1	4,269,757	1,603,307
Dadu	10.4	6,926,473	2,419,595
Karachi	10.6	43,143,886	29,872,670
		<u>54,340,116</u>	<u>33,895,572</u>
9 CASH AND BANK BALANCES			
Cash in hand			
Restricted projects		107,821	28,881
Unrestricted projects		100,233	247,887
		208,054	276,768
Cash at bank			
Restricted projects			
Saving accounts	9.1	26,523,164	46,374,430
Current accounts		25,846,511	34,060,959
Foreign currency account		1,247,334	145,346
		53,617,009	80,580,735
Unrestricted projects			
Saving accounts	9.1	4,163,763	7,309,931
Current accounts		7,849,039	11,840,847
		12,012,802	19,150,778
		<u>65,837,865</u>	<u>100,008,281</u>

9.1 These carry markup at rates ranging from 7.00% to 9.00% per annum (2014: 5.00 to 8.00% per annum).

10 CAPITAL FUND

Unrestricted			
Khairpur	10.2	20,056,578	17,481,829
Dadu	10.5	8,976,100	3,450,205
Karachi	10.7	59,664,711	61,929,472
		88,697,389	82,861,506
Designated			
Specific building fund	10.3	4,552,893	4,820,671
		<u>93,250,282</u>	<u>87,682,177</u>

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10.1 Restricted - Khairpur

Project	Balance as at July 01, 2014	Grant received during the year	Grant receivable as at June 30, 2015	Grant utilized for revenue expenditures	Grant utilized for capital expenditures	Grant received in advance as at June 30, 2015
CMAM	4,656	-	-	(4,656)	-	-
TVET EC	18,353,767	35,711,220	3,775,404	(57,840,391)	-	-
CMAM IYCF	20,745	-	-	(20,745)	-	-
LTEOOP-TDEA	5,170	2,730	-	(7,900)	-	-
TVET MSF II	6,056,705	1,326,588	-	(7,285,804)	-	97,490
Wash & IRISH	-	713,468	-	(713,468)	-	-
CDP	5,504,598	6,538,753	-	(8,858,833)	-	3,184,518
Engro Schools	1,375,356	4,134,053	494,353	(6,003,762)	-	-
DIL School	-	24,714,316	-	(24,665,037)	-	49,279
Packard	14,132	-	-	(14,131)	-	1
Child Rights	-	6,895,043	-	(6,609,925)	-	285,118
SEF	3,526,836	4,072,461	-	(5,158,385)	-	2,440,912
3 Gov't Schools	13,074,586	431,739	-	(262,829)	-	13,243,495
ID and SD	1,247,905	5,847,590	-	(4,973,073)	-	2,122,422
Engro Schools	-	13,163,027	-	(12,452,912)	-	710,116
	<u>49,184,456 *</u>	<u>103,550,988</u>	<u>4,269,757</u>	<u>(134,871,850)</u>	<u>-</u>	<u>22,133,351</u>
Grants receivable	-	-	-	-	-	-
Grant received in advance	-	<u>49,184,456</u>	-	-	-	-
	-	<u>49,184,456 *</u>	-	-	-	-

10.2 Unrestricted - Khairpur

Project	Balance as at July 01, 2014	Profit / (loss) for the year	Balance as at June 30, 2015
District office Sukkur	-	718,392	718,392
Khazana	(1,121,425)	(180,814)	(1,302,239)
Regional Office	15,364,211	2,314,419	17,678,630
DIL MC	(62,126)	15,818	(46,308)
Pizza	115,259	(51,461)	63,798
Craft Centre	1,688,286	(424,799)	1,263,487
IRC Agriculture	(33,054)	(155,363)	(188,417)
Main office PPAF Ghotki	1,530,678	338,557	1,869,235
	<u>17,481,829</u>	<u>2,574,749</u>	<u>20,056,578</u>

10.3 Designated - Khairpur

Project	Balance as at July 01, 2014	Amortization for the year	Balance as at June 30, 2015
Building fund	4,820,671	(267,778)	4,552,893
	<u>4,820,671</u>	<u>(267,778)</u>	<u>4,552,893</u>

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10.4 Restricted - Dadu

Project	Balance as at July 01, 2014	Grant received during the year	Grant receivable as at June 30, 2015	Grant utilized for revenue expenditures	Grant utilized for capital expenditures	Grant received in advance as at June 30, 2015
Alif Ailaan		8,689,109	4,628,775	(13,317,884)	-	-
STAEP	-	3,094	-	(3,094)	-	-
Community Physical Infrastructure (CPI)	92,035	34,300	-	(126,335)	-	-
OXFAM PKNC-60	287,428	1,004	-	-	-	288,432
OXFAM PKNC-59	100,497	51,657	-	(119,604)	-	32,550
PEFSA IV	-	7,889,710	1,761,180	(9,650,890)	-	-
Trocaire	9,683,466	5,101,335	-	(11,131,508)	-	3,653,293
Rozan	-	20,970,799	536,518	(21,507,317)	-	-
CBDRR	4,223,579	5,582,475	-	(7,612,335)	-	2,193,719
OXFAM GB	-	610	-	(610)	-	-
CBDRM	-	9,741,000	-	(6,688,263)	(301,600)	2,751,137
	<u>14,387,005 *</u>	<u>58,729,094</u>	<u>6,926,473</u>	<u>(70,821,841)</u>	<u>(301,600)</u>	<u>8,919,131</u>
Grant received in advance	<u>14,387,005</u>					
	<u>14,387,005 *</u>					

10.5 Unrestricted - Dadu

Project	Balance as at July 01, 2014	Profit / (loss) for the year	Balance as at June 30, 2015
School fees	2,391,406	2,076,747	4,468,153
Regional office-Sehwan	560,666	2,596,474	3,157,140
Regional office-Dadu	(165,271)	856,485	691,214
Regional office-Shahdadkot	663,404	(3,811)	659,593
	<u>3,450,205</u>	<u>5,525,895</u>	<u>8,976,100</u>

10.6 Restricted - Karachi

Project	Balance as at July 01, 2014	Grant received during the year	Grant receivable as at June 30, 2015	Grant utilized for revenue expenditures	Grant utilized for capital expenditures	Grant received in advance as at June 30, 2015
UNICEF -CP	1,100,000	-	-	(1,100,000)	-	-
Ilim Ideas	2,601,817	963,257	-	(3,565,074)	-	-
The Asian Foundation	2,347,828	196,012	-	(2,543,840)	-	-
Flood and Relief	7,819,155	564,955	-	(1,227,620)	-	7,156,490
Oxfam GB	-	656,923	-	(319,446)	-	337,477
ISRHO - Packard	8,751,043	12,945,304	-	(8,420,339)	-	13,276,009
GIZ	4,417	11,077	-	(15,494)	-	-
PPAF Edu Phase III	-	46,345,709	21,158,564	(67,504,273)	-	-
SRP	-	11,884,470	12,185,541	(24,070,011)	-	-
SCMP	-	13,213,375	9,799,781	(23,013,156)	-	-
Karachi Youth Initiative	-	19,852,424	-	(8,164,948)	-	11,687,476
	<u>22,624,260 *</u>	<u>106,633,506</u>	<u>43,143,886</u>	<u>(139,944,201)</u>	<u>-</u>	<u>32,457,452</u>
Grants receivable	<u>4,417</u>					
Grant received in advance	<u>22,619,843</u>					
	<u>22,624,260 *</u>					

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10.7 Unrestricted - Karachi

Project	Balance as at July 01, 2014	Profit / (loss) for the year	Balance as at June 30, 2015
Zamama Mall	(484,654)	(713,364)	(1,198,017)
Social Mobilization	2,833,341	(579,000)	2,254,342
Child Sponsorship	5,504,605	(859,465)	4,645,140
PRACTICUM	876,383	(876,383)	-
Regional Office-Karachi	14,106,567	(2,044,517)	12,062,051
District office -MPK	680,043	(680,043)	-
Head office	38,413,187	3,469,996	41,883,184
Sindh Tour	-	18,011	18,011
	<u>61,929,472</u>	<u>(2,264,766)</u>	<u>59,664,711</u>

	Note	2015 Rupees	2014 Rupees
11 DEFERRED CAPITAL GRANT			
Opening balance as at July 01,		2,169,113	4,150,056
Add: Grant received during the year	4.1	301,600	348,923
		<u>2,470,713</u>	<u>4,498,979</u>
Less: Transfer and amortization			
Amortization during the year	4.1	(525,480)	(857,866)
Transfer of tangible fixed assets during the year - net	4.1	(532,248)	(1,472,000)
		<u>(1,057,727)</u>	<u>(2,329,866)</u>
		<u>1,412,986</u>	<u>2,169,113</u>

12 TRADE AND OTHER PAYABLES

Accrued expenses and other liabilities	12.1	66,818,680	54,642,897
Payable to Donors		610,000	610,000
		<u>67,428,680</u>	<u>55,252,897</u>

12.1 This includes an amount of Rs. 227,462 (2014: nil) payable to "Butterfly Works (BFW)" for project undertaken on behalf of BFW.

13 GRANT RECEIVED IN ADVANCE

Restricted			
Khairpur	10.1	22,133,351	49,184,456
Dadu	10.4	8,919,131	14,387,005
Karachi	10.6	32,457,452	22,624,260
		<u>63,509,934</u>	<u>86,195,721</u>

14 GRANT INCOME

2015
Rupees

2014
Rupees

Khairpur region

Project name	Donor	2015 Rupees	2014 Rupees
Community Development Program	GOS	8,858,833	1,034,155
Engro Schools	Engro	12,452,912	-
MSFII	OXFAM NOVIB	7,285,804	914,400
Accelerating Girls Education	UNICEF	-	3,837
Engro Schools	Engro	6,003,762	2,701,584
Child Rights in Cotton Farming	UNICEF	6,609,925	24,137,635
Wash & Irish	UNICEF	713,468	49,671,602
Development in Literacy	DIL	24,665,037	24,522,312
Reproductive Health	Packard	14,131	157,499
CMAM IYCF	Concern	20,745	7,153,358
Equate-TVET	OXFAM NOVIB	55,631,557	24,166,532
LTEOOP-TDEA	TAF	7,900	3,239,579
CMAM 14 UC	UNICEF	4,656	8,433,073
Three Govt: School	GOS	262,829	781,479
Institutional	PPAF	4,973,073	5,974,118
Increasing Access to Quality	SEF	5,158,385	1,853,775
		132,663,017	154,744,938

Dadu region

CBDRM	Concern	6,688,263	-
PEFSA-IV	OXFAM GB	9,650,890	7,842,531
Community Physical Infrastructure	PPAF	126,335	4,415,892
Helping Girls into Schools	OXFAM GB	610	350
Facilitating access and quality for Girls Education through evidence advocacy and active citizenship	OXFAM GB	-	5,517,620
Enhancing Access and Quality for Girls Education in Pakistan	OXFAM GB	119,604	449,448
Rozan	DAI	21,507,317	470,100
STAEP	TAF	3,094	5,557,901
Alif Ailaan	DAI	13,317,884	-
Restoring Community Livelihood in Flood	Trocaire	11,131,508	4,082,736
CBDRR	Trocaire	7,612,335	1,587,886
		70,157,841	29,924,464

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Karachi region		2015	2014
Project name	Donor	Rupees	Rupees
Reform Survey Unit / School Management	GOS	-	978,980
Child Protection	UNICEF	1,100,000	1,115,549
Brining Grls Back to Schools	OXFAM	319,446	-
Karachi Youth Initiative Program	USAID	8,164,948	-
TVET Reform Support Programme	GIZ	15,494	1,596,930
Sindh Reading Program	USAID	24,070,011	2,513,140
Child Sponsorship	Individuals	-	3,849,095
Give to Asia	Give to Asia	110,035	940
Its My Right Make Its Happen	Ilm Ideas	3,565,074	5,777,089
Practicum		-	4,396,515
Education Development Links	USAID	-	7
Sindh Community Mobilization Program	USAID	23,013,156	14,571,265
ISRH	Packard	8,420,339	5,124,000
Supporting Transparency , Accountability and Electoral Processes in Pakistan (STAEP)	TAF	2,543,840	6,092,046
Education Phase III	PPAF	67,504,273	60,933,304
Flood and Relief	Individuals	1,227,620	1,897,936
		140,054,236	108,846,796
		342,875,094	293,516,198

15 SERVICE CHARGES

Khairpur region

Guest house	4,678,588	3,979,401
Rental income	575,380	344,560
Training income	167,920	344,494
Overhead and management cost	15,479,318	16,213,550
	20,901,206	20,882,005

Dadu region

Tuition fees	671,845	2,895,178
Vehicle rent	1,115,520	238,000
Overheads	9,430,191	7,687,412
IRC contribution	1,414,198	-
	12,631,753	10,820,590

	2015 Rupees	2014 Rupees
Karachi region		
Vehicle rent	1,913,200	2,297,870
Overheads	25,008,222	16,472,586
Contribution	2,415,989	-
	29,337,411	18,770,456
Less: Intra group elimination		
Khairpur region	(20,968,706)	(20,870,005)
Dadu region	(10,558,025)	(7,925,412)
Karachi region	(27,965,691)	(18,770,456)
	<u>3,377,948</u>	<u>2,907,178</u>

16 SALES

Khazana outlet	2,318,719	4,095,449
Food centre	3,320,521	3,909,719
Craft center	1,467,075	1,912,814
Agriculture	403,107	233,605
Sunday bazar	3,224,795	2,901,275
	<u>10,734,217</u>	<u>13,052,862</u>

17 PROGRAMME AND PROJECT EXPENSES

Khairpur region

Project name	Donor		
Engro Schools	Engro	12,450,612	-
Engro Schools	Engro	6,003,062	2,701,584
Child Rights in Cotton Farming	UNICEF	6,601,295	24,125,326
Wash & Irish	UNICEF	713,468	49,441,591
MSF II	OXFAM NOVIB	7,285,278	914,354
Institutional	PPAF	4,973,073	5,974,118
CMAM IYCF	Concern	20,745	7,149,070
Equate-TVET	OXFAM NOVIB	55,594,643	24,161,755
LTEOOP-TDEA	TAF	7,900	3,232,465
Development in Literacy	DIL	24,614,666	24,478,852
Reproductive Health	Packard	13,783	156,558
CMAM 14 UC	UNICEF	4,656	8,422,790
Three Govt: School	GOS	219,270	715,643
CDP	GOS	8,855,808	1,034,007
Increasing Access to Quality Education	SEF	5,155,160	1,844,500
		132,513,419	154,352,613

		2015	2014
		Rupees	Rupees
Dadu region			
Project name	Donor		
CMDRM	Concern	6,673,889	-
Community Physical Infrastructure	PPAF	125,000	4,405,998
Emergency Response to Flood	Trocaire	7,607,176	1,585,566
Rozan	DAI	21,503,414	470,000
Alif Ailaan	DAI	13317015	-
Facilitating access and quality for girls education through evidence advocacy and active citizenship	OXFAM GB	60	5,516,688
Enhancing access and quality for girls education in Pakistan	OXFAM GB	119,604	449,100
PEFSA-IV	OXFAM GB	9,638,898	7,835,616
STAEP	TAF	-	5,557,444
Restoring Community Livelihood in Flood	Trocaire	11,117,754	4,072,884
		70,102,810	29,893,296
Karachi region			
RH	Pakard	8,417,909	5,111,576
Its My Right Make Its Happen	Ilm Ideas	3,564,724	5,776,013
Sindh Reading Program	USAID	24,068,440	2,513,140
Sindh Community Mobilization	USAID	23,011,260	14557865
Water Environmental Sanitation	TAF	2,543,513	6,068,655
Flood and Relief	Individuals	1,226,515	1,897,553
Education Phase-III	PPAF	67,393,289	60,834,833
Give to Asia	Give to Asia	110,035	-
Karachi Youth	USAID	8,164,948	-
Brining Grls Back to	Oxfam GB	319,395	-
Child Protection	UNICEF	1,100,000	1,115,453
TVET Reform Support Programme	GIZ	15,394	1,581,678
		139,935,422	99,456,766
Less: Intra group elimination			
Khairpur region		(20,968,706)	(20,870,005)
Dadu region		(13,103,370)	(7,925,412)
Karachi region		(27,965,691)	(18,770,456)
		280,513,884	236,136,802

18 EXPENDITURE INCURRED ON UNRESTRICTED PROJECTS

Khairpur region

	2015 Rupees	2014 Rupees
Staff salaries and allowance	4,626,021	4,766,647
Repair and maintenance	2,404,318	4,927,357
POL and vehicle maintenance	3,583,766	554,628
Khazana items	3,173,210	5,109,933
Utilities	2,159,268	1,711,383
Fuel expense	-	110,543
Printing and stationery	231,640	590,357
Communication	442,574	523,574
Milk	207,350	268,965
Direct expenses	-	2,124,920
Office supplies	193,340	26,102
Guest house expenses	1,834,668	1,168,452
Depreciation	1,908,989	1,850,785
Labour charges	1,506,891	72,200
Material	-	565,285
Staff entertainment expenses	963,223	815,110
Tax expenses	15,518	-
Hostel and guest house rent	845,885	1,135,530
Miscellaneous	50,425	251,286
Travelling expenses	453,169	230,374
Other expenses	750,956	1,702,744
Seeds	276,053	120,532
Training	288,245	-
Security & Cleanness	-	246,736
	25,915,509	28,873,443
Add: Opening stock	-	1,685,996
Less: Closing stock	-	(1,230,091)
	<u>25,915,509</u>	<u>29,329,348</u>

no

	2015 Rupees	2014 Rupees
Dadu region		
Staff salaries and allowances	1,497,378	2,278,928
Repair and maintenance	371,307	478,569
POL and vehicle maintenance	2,884,553	1,791,378
Tax and Duties	106,770	-
Office rent	1,694,031	921,031
Vehicle rent	228,085	18,700
Utilities	783,354	533,314
Office supplies	212,571	143,590
Printing and stationery	301,022	169,428
Communication	94,411	131,962
Renovation of Schools	35,500	1,479,108
Staff entertainment expenses	545,186	641,903
Training	186,967	725,043
Concern expenses	-	2,442
Guest house expenses	201,254	-
Depreciation	315,961	307,970
Transportation	123,713	23,230
Contribution	-	1,157,800
Other expenses	33,000	131,410
	9,615,063	10,935,806
Karachi region		
Staff salaries and allowances	10,928,738	8,651,370
Honorarium to trainee	61,850	738,500
Consultancy fee	691,860	-
Office rent	782,302	543,334
Utilities	1,150,151	1,153,182
Shop and Stall rent	1,004,015	260,408
Residential charges	-	266,794
Printing and stationery	449,447	241,449
Transfer of Fund	5,490,603	-
POL and vehicle rent	1,257,183	1,675,517
Schools fee	108,940	176,600
Training expenses	-	2,682,117
Staff tea	29,510	-
Meal	387,276	790,259
Depreciation	1,561,722	1,643,854
Transportation and parking	485,625	61,611

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	2015 Rupees	2014 Rupees
Karachi region		
Travelling expenses	274,382	985,885
Insurance expenses	170,176	354,336
Purchases for Sunday bazar	3,195,466	3,801,957
Cleaning expenses	-	53,886
Tax and Duties	2,354,721	-
Registration charges	-	361,500
Audit fee	260,000	175,000
Other expenses	2,747,935	942,899
Miscellaneous expenses	624,096	1,943,141
Board meeting expenses	29,891	19,545
Repair and maintenance	870,368	1,248,665
	<u>34,916,256</u>	<u>28,771,809</u>
	<u>70,446,828</u>	<u>69,036,963</u>

19 FINANCIAL CHARGES

Restricted projects	322,107	588,934
Unrestricted projects	157,714	147,547
	<u>479,821</u>	<u>736,481</u>

20 CONTINGENCIES AND COMMITMENTS

a) Contingency

Sindh Sales Tax

The Society has received show cause notices from Sindh Revenue Board (SRB), Government of Sindh dated November, 10, 2011, November 28, 2011, December 15, 2011 and January 11, 2012. SRB has notified that Khazana outlet is providing and rendering taxable services falling under Second Schedule of Sindh Sales Tax on Services Act, 2011 which are chargeable to sales under Section 3 of the said act at 16% of value. Therefore, SRB has issued show cause notices to the Society to obtain registration with SRB as per provisions of the Section 24 of the abovementioned act and charge, collect and deposit the sales tax on the taxable services as per provisions of the abovementioned act.

The Society vide letter dated January 19, 2012 responded to the SRB that it has not complied with the above mentioned act on the grounds that the Society is a non-governmental Society and does not consider the Khazana outlet as a commercial venture, rather it is regarded as a social enterprise.

Income tax

The Society is claiming exemption of tax on activities which are not covered under the exemption certificate allowed by Federal Board of Revenue. Activities of Khazana outlet is commercial activities on which income tax should be levied as per Income Tax Ordinance, 2001. The Society considers that it is a non-governmental Society and does not consider the Khazana restaurant and Pizza outlet as a commercial venture, rather it is regarded as a social enterprise.

b) Commitment

There was no commitment as at the balance sheet date.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Risk management policies

The Society's objective in managing risks is the creation and protection of members interest. Risk is inherent in the Society's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Society's continuous sustainable financial position. The Society is exposed to credit risk, liquidity risk and interest rate risk arising from the financial instruments it holds.

The Society finances its operations through grant proceeds, interest income and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

21.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. All financial assets except cash in hand are subject to credit risk.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at the reporting date are as under:

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	2015 Rupees	2014 Rupees
Long term deposits	2,265,442	1,074,996
Advances and other receivables	24,518,392	24,233,793
Grant receivable	54,340,116	33,895,572
Cash and bank balances	65,837,865	100,008,281
	<u>146,961,815</u>	<u>159,212,642</u>

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

21.3 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. At the balance sheet date the Society has no variable interest rate liability.

	Interest/markup bearing			Non - interest bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	Rupees						
Financial assets							
Long term deposits	-	-	-	-	2,265,442	2,265,442	2,265,442
Advances and other receivables	-	-	-	24,518,392	-	24,518,392	24,518,392
Grant receivable	-	-	-	54,340,116	-	54,340,116	54,340,116
Cash and bank balances	-	-	-	65,837,865	-	65,837,865	65,837,865
	-	-	-	144,696,373	2,265,442	146,961,815	146,961,815
Financial liabilities							
Trade and other payables	-	-	-	67,428,680	-	67,428,680	67,428,680
Grant received in advance	-	-	-	63,509,934	-	63,509,934	63,509,934
	-	-	-	130,938,614	-	130,938,614	130,938,614
Net financial assets – 2015	-	-	-	13,757,759	2,265,442	16,023,201	16,023,201
Net financial assets – 2014	-	-	-	16,689,028	1,074,996	17,764,024	17,764,024

Effective interest rates are mentioned in the respective notes to the financial statements.

21.4 Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its financial obligations as they fall due. The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

22 NUMBER OF EMPLOYEES

The number of employees as at year end are 1,085 (2014: 935).

23 DATE FOR AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 13 FEB 2016 by the Board of Directors of the Society.

24 GENERAL

Figures have been rounded off to the nearest rupee.


CHAIRPERSON


EXECUTIVE DIRECTOR

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