



**FINANCIAL STATEMENTS
OF
INDUS RESOURCE CENTRE
FOR THE YEAR ENDED
JUNE 30, 2016**

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.

January 20, 2017
I-79/AA-0198/17

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 of Directors and signed on their behalf by the Executive Director and Chairperson 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 Executive Director 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. 20.879 million
 - Disposal of fixed assets amounting to Rs. 0.579 million
 - Transfer of fixed assets amounting to Rs. 0.699 million
 - Transfer of assets and liabilities of closed out project to Society main account
- c) Balance confirmations from banks
- d) Balance confirmations from donors

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.

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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. 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.

5. 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.

6. MANUAL INVOICES

We have observed that supporting documents and invoices in respect of goods and services received from suppliers in a number of projects were manually prepared and there were no electronic / computerized bills and invoices available for the expenses. Purchases should be made from suppliers who are approved by the management and who are tax registered.

Supporting documents and invoices in respect of goods and services received from suppliers may not be authentic and may lack credibility. We recommend that an approved list of vendor / supplier be developed and transactions be carried out only with those approved vendors / suppliers who are able to provide appropriate invoices which are authentic and verifiable. Kindly confirm that all expenditures incurred are adequately supported.

7. WITHHOLDING TAXES

We have observed that tax deducted at source has not been deposited with the tax authorities within the prescribed time frame. In order to get the exemption from levy of income tax under Income Tax Ordinance, 2001, the Society is required to withhold tax on all the supplies and services and deposit the tax with the tax authorities within prescribed time limit.

8. PAYROLL AND RELATED COST

- a. We have observed that salaries paid to many employees of the Society are below the minimum wage standard of Rs. 13,000 per month and is therefore a violation of labour laws.
- b. 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. FRAUD AND ERRORS

We have been informed by the management that no case of fraud and error, has been brought to their knowledge during the year except for as disclosed and intimated to us by management. Kindly confirm the representations made by management.

10. IT POLICES AND PROCEDURES

The Society does not have a documented IT Policies and procedures (include but not limited to "Change Management", "Logical access", "Backup & Recovery", "Incident Management", "Setting of User Account & Password Policy / Password maintenance control", "Sharing of Privileged ID", and "Use of Generic & Default IDs" etc.,) for their current application (i.e., Sidat Hyder Financials) and underlying operating system and database.

We recommend that IT Policies and Procedures should be formally developed, and implemented that addresses all relevant aspects of information. Further, management should set a clear policy direction in line with business objectives, and demonstrate support for and commitment to information security through the issuance and maintenance of it for the current ongoing applications.

11. SERVICE LEVEL AGREEMENT (SLA)

We were informed by ERP Support Officer that Sidat Hyder Financials (SHF) application implemented in 2013 at IRC and the modules which are integrated (GL and Fixed Assets) have been fully functional from January 2015 onwards. However, we noted that IRC has not maintained a service level agreement yet with the application vendor M/S "Sidat Hyder". Furthermore, software license is expired on December, 2016" at the time of logging the SHF application. The Society will need an update patch every time in future to resume the business activities over application.

We recommend that management should maintain a proper service level agreement with the vendor in case the company wishes to continue using the application. A well balanced service level agreement is of great importance for continuity of services and future cooperation between the parties concerned.

12. CONTINGENCIES AND COMMITMENTS

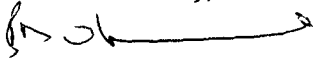
We have been informed by the management that there are no contingencies and commitments as on the date of the financial statements other than those disclosed in the financial statements.

13. 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 accompanying financial statements of **INDUS RESOURCE CENTRE ("the Society")** which comprise of the balance sheet as at June 30, 2016 and the related income and expenditure account, statement of comprehensive income, statement of changes in funds and cash flow statement, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Governing Body of the Society is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan and for such internal control as the Governing Body of the Society determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Governing Body of the Society, as well as evaluating the overall presentation of the financial statements.

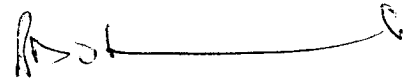
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **INDUS RESOURCE CENTRE** as at June 30, 2016 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

KARACHI

DATED: 21 JAN 2017



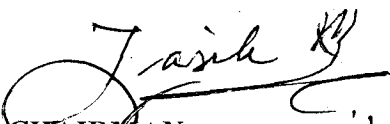
CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

**INDUS RESOURCE CENTRE
BALANCE SHEET
AS AT JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	65,692,732	74,359,304
Capital work in progress	5	949,433	949,433
Intangible assets	6	753,664	942,080
Long term deposits		<u>1,966,442</u>	<u>2,265,442</u>
		69,362,271	78,516,259
CURRENT ASSETS			
Advances and other receivables	7	35,280,381	24,518,392
Stock in hand		3,179,977	2,389,250
Grant receivable	8	26,739,035	54,340,116
Taxation-net	9	1,301,947	1,506,640
Cash and bank balances	10	62,144,860	65,837,865
		128,646,200	148,592,263
Non-current asset classified as held for sale	11	24,500,000	-
TOTAL ASSETS		<u>222,508,471</u>	<u>227,108,522</u>
FUND AND LIABILITIES			
FUND			
Unrestricted	12	97,140,298	90,204,029
Designated			
Specific building fund	12	4,285,115	4,552,893
		101,425,413	94,756,922
NON-CURRENT LIABILITIES			
Deferred capital grants	13	2,358,866	1,412,986
CURRENT LIABILITIES			
Advance against sale of land	14	16,600,000	-
Trade and other payables	15	62,076,467	67,428,680
Grant received in advance	16	40,047,725	63,509,934
		118,724,192	130,938,614
CONTINGENCIES AND COMMITMENTS	17		
TOTAL FUND AND LIABILITIES		<u>222,508,471</u>	<u>227,108,522</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.


CHAIRMAN


EXECUTIVE DIRECTOR

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**INDUS RESOURCE CENTRE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
INCOME			
Grant income	18	321,040,183	342,875,094
Service charges	19	2,430,180	5,582,332
Sales	20	16,450,350	10,734,217
Profit on bank deposits		251,097	289,165
		<u>340,171,810</u>	<u>359,480,808</u>
EXPENDITURE			
Programme and project expenses	21	263,774,012	280,513,884
Expenditure incurred on unrestricted projects	22	66,676,385	70,446,828
Financial charges	23	1,140,426	479,821
		<u>331,590,823</u>	<u>351,440,533</u>
Surplus before taxation		8,580,987	8,040,275
Taxation - current		1,644,718	697,744
Net surplus for the year		<u>6,936,269</u>	<u>7,342,531</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.


CHAIRMAN


EXECUTIVE DIRECTOR

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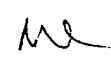
**INDUS RESOURCE CENTRE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	2016 Rupees	2015 Rupees
Net surplus for the year	6,936,269	7,342,531
Other comprehensive income	-	-
Total comprehensive income for the year	<u>6,936,269</u>	<u>7,342,531</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.


CHAIRMAN


EXECUTIVE DIRECTOR



**INDUS RESOURCE CENTRE
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus before taxation	8,580,987	8,040,275
Adjustments for non cash items:		
Depreciation	4,090,397	3,818,930
Amortization of deferred capital grants	(803,277)	(525,480)
Amortization	188,416	235,520
Gain on sale of property, plant and equipment	(168,219)	(220,399)
	<u>11,888,304</u>	<u>11,348,846</u>
(Increase) / decrease in current assets		
Advances and other receivables	(10,761,989)	(284,599)
Stock in hand	(790,727)	(1,159,159)
	<u>(11,552,716)</u>	<u>(1,443,758)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(5,352,213)	12,175,783
Cash (used in) / generated from operations	<u>(5,016,625)</u>	<u>22,080,871</u>
Taxes paid	(1,440,023)	(2,204,384)
Net cash (used in) / generated from operating activities	<u>(6,456,648)</u>	<u>19,876,487</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(20,655,858)	(8,847,871)
Capital work in progress	-	(949,433)
Proceed against disposal of property, plant and equipment	320,000	630,000
Advance against sale of land	16,600,000	-
Long term deposits	299,000	(1,190,446)
Net cash used in investing activities	<u>(3,436,858)</u>	<u>(10,357,750)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Donors' funds received	327,240,683	302,809,160
Donors' funds utilized	(321,040,182)	(346,498,313)
Net cash flow generated from / (used in) financing activities	<u>6,200,501</u>	<u>(43,689,153)</u>
Net decrease in cash and cash equivalents	<u>(3,693,005)</u>	<u>(34,170,416)</u>
Cash and cash equivalents at beginning of the year	<u>65,837,865</u>	<u>100,008,281</u>
Cash and cash equivalents at end of the year	<u><u>62,144,860</u></u>	<u><u>65,837,865</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.


CHAIRMAN


EXECUTIVE DIRECTOR

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**INDUS RESOURCE CENTRE
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Funds		Grand total
	Unrestricted	Specific building fund	
(Rupees)			
Balance as at July 01, 2014	82,861,498	4,820,671	87,682,169
Total comprehensive income for the year			
Surplus for the year	7,342,531	-	7,342,531
Other comprehensive income for the year	-	-	-
	7,342,531	-	7,342,531
Amortization of building fund for the year	-	(267,778)	(267,778)
Balance as at June 30, 2015	90,204,029	4,552,893	94,756,922
Total comprehensive income for the year			
Surplus for the year	6,936,269	-	6,936,269
Other comprehensive income for the year	-	-	-
	6,936,269	-	6,936,269
Amortization of building fund for the year	-	(267,778)	(267,778)
Balance as at June 30, 2016	97,140,298	4,285,115	101,425,413

The annexed notes from 1 to 29 form an integral part of these financial statements.


CHAIRMAN


EXECUTIVE DIRECTOR

ME

**INDUS RESOURCE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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 restricted 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-sukkur	Engro foundation
Engro School- Ghotki	Engro foundation
RBCS/IELP	SEF
TVET EC	OXFAM NOVIB
TVET - MSFII	OXFAM NOVIB
Community Development Programme	GOS
Skill and Institutional development	PPAF
DIL Micro Credit	DIL
IKEA	UNICEF

b) Jamshoro region

Restoring Community Livelihood in Flood	Trocaire
CBDRR	Trocaire
Integrated education and learning programme	SEF
Indus Bitz	Individuals
CBDRM	Concern worldwide
Citizens action for democratic action	TDEA

c) Karachi region	Donor
Project name	
Sindh Community Mobilization programme	USAID
Improving Sexual & Reproductive Health Outcomes of girls through life skills based education	Packard
PPAF Education III	PPAF
Child Sponsorship	Individuals
Flood Relief	Individuals
Integrated education and learning programme	SEF
Gender equity project	OXFAM GB
Setting up district coordination committees	DAI

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

a) Khairpur region	
TVET EC	OXFAM NOVIB
TVET - MSFII	OXFAM NOVIB
Child rights in Cotton Farming	UNICEF

b) Jamshoro region	
PEFSA IV & V	OXFAM/GB
OXFAM GB PKNC 26 (Shahdadkot)	OXFAM/GB
PKNC 59	OXFAM
PKNC 60	OXFAM
Aalif Alain	DAI
Strengthening State run shelters & community responsiveness to gender based violence	DAI

c) Karachi region	
Sindh reading programme	USAID
Give to Asia	Give to Asia

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) applicable to non-corporate entities 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.

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 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 only account for taxation of unrestricted projects, However for restricted projects organizations 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.

Therefore, provision for taxation of unrestricted projects has been made and no provision for taxation of restricted projects has been made for the year in these financial statements based on Section 100C of 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.

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.

3.10 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.

3.11 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.

3.12 Financial instruments

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Financial assets and liabilities are set off and the net amount is reported in the balance sheet if the Society has a legal right to set off the transaction and also intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

a) Recognition and derecognition of financial instruments

Financial assets are recognized initially at fair value or in case of financial assets that are not carried at fair value through profit or loss, at fair value plus transaction cost.

All financial assets and liabilities are recognized at the time when the entity becomes party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are derecognized, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

3.13 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.

3.14 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:

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 30-06-2016		
	As at 01-07-2015	Additions	Disposals	Transfers		As at 30-06-2016	As at 01-07-2015	For the year		Adjustments	
Owned											
Computers	2,456,335	775,630	-	(212,900)	3,019,065	33.33	1,665,421	468,618	(149,809)	1,984,229	1,034,836
Office equipment	732,180	129,000	-	(19,975)	841,205	20	401,763	92,759	(9,748)	484,774	356,431
Furniture and fixtures	140,200	-	-	(111,000)	29,200	20	71,407	2,392	(54,168)	19,631	9,569
Vehicles	450,000	1,157,000	-	-	1,607,000	20	409,462	239,508	-	648,970	958,030
Generator	356,100	-	-	(356,100)	-	20	173,777	-	(173,777)	-	-
Total Rupees - 2016	4,134,815	2,061,630	-	(699,975)	5,496,470		2,721,829	803,277	(387,502)	3,137,604	2,358,866
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	1,412,980

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 30-06-2016		
	As at 01-07-2015	Additions	Disposals	Transfer		As at 30-06-2016	As at 01-07-2015	For the year		Transfer	
Owned											
Computers	6,567,934	131,504	-	281,875	6,981,313	33.33	5,654,433	399,990	149,809	6,204,232	777,081
Office equipment	7,960,449	209,499	-	307,100	8,477,048	20	5,459,815	558,174	183,525	6,201,514	2,275,534
Furniture and fixtures	5,068,909	-	-	111,000	5,179,909	20	3,548,218	311,659	54,168	3,914,046	1,265,863
Vehicles	14,449,645	-	(579,000)	-	13,870,645	20	9,738,467	914,904	(427,219)	10,226,152	3,644,493
Books	431,239	-	-	-	431,239	20	378,554	10,537	-	389,091	42,148
Air conditioners	223,000	-	-	-	223,000	25	176,663	9,267	-	185,931	37,069
School building	14,617,801	-	-	-	14,617,801	4	1,947,940	506,794	-	2,454,734	12,163,067
Land (Note 10)	37,293,733	-	-	(24,500,000)	12,793,733	-	-	-	-	-	12,793,733
Lease hold improvement	-	5,976,250	-	-	5,976,250	10	-	597,625	-	597,625	5,378,625
Leased											
Building	16,118,794	-	-	-	16,118,794	4	2,881,093	615,197	-	3,496,290	12,622,504
Land (Note 4.3)	-	12,500,000	-	-	12,500,000	1.33	-	166,250	-	166,250	12,333,750
Total Rupees - 2016	102,731,504	18,817,253	(579,000)	(23,800,025)	97,169,732		29,785,184	4,090,397	(39,717)	33,835,865	63,333,857
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	72,946,330
Grand total - 2016	106,866,319	20,878,883	(579,000)	(24,500,000)	102,666,202		32,507,014	4,893,674	(427,218)	36,973,470	65,692,732
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

4.3 During the year, the Society has acquired leased hold land measuring - 540 SQ. Yards, located at Plot No.D-42, Block No.1, KDA Scheme No.5, Clifton, Karachi against consideration amounting to Rs. 12.5 million.

	Note	2016 Rupees	2015 Rupees
5 CAPITAL WORK IN PROGRESS			
This comprises of:			
Civil works	5.1	949,433	949,433

5.1 The movement of carrying amount is as follows:

Opening balance		949,433	5,188,798
Additions (at cost)		-	949,433
Transferred to operating fixed assets		-	(5,188,798)
Closing balance		949,433	949,433

6 INTANGIBLE ASSETS

Net book value basis (NBV)

Opening book value		942,080	1,177,600
Additions		-	-
		942,080	1,177,600
Amortization charged		(188,416)	(235,520)
Closing net book value		753,664	942,080

Gross carrying value basis

Cost		2,300,000	2,300,000
Accumulated amortization		(1,546,336)	(1,357,920)
Closing net book value		753,664	942,080

----- Percentage -----

Amortisation rate per annum		20%	20%
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7 ADVANCES AND OTHER RECEIVABLES

(Unsecured - considered good)

Advance to employees	7.1	700,000	1,000,000
Other receivables		34,580,381	23,518,392
		35,280,381	24,518,392

7.1 This amount is interest free and there are no fixed term for payments.

	Note	2016 Rupees	2015 Rupees
8 GRANT RECEIVABLE			
Khairpur	12.1	4,861,695	4,269,757
Dadu	12.4	4,298,799	6,926,473
Karachi	12.6	17,578,541	43,143,886
		<u>26,739,035</u>	<u>54,340,116</u>
9 TAXATION-NET			
Advance tax		2,946,665	2,204,384
Provision for the year		(1,644,718)	(697,744)
		<u>1,301,947</u>	<u>1,506,640</u>
10 CASH AND BANK BALANCES			
Cash in hand			
Restricted projects		175	107,821
Unrestricted projects		6,656	100,233
		6,831	208,054
Cash at bank			
Restricted projects			
Saving accounts	10.1	14,511,936	26,523,164
Current accounts		29,432,042	25,846,511
Foreign currency account		9,473	1,247,334
		43,953,451	53,617,009
Unrestricted projects			
Saving accounts	10.1	801,002	4,163,763
Current accounts		17,383,576	7,849,039
		18,184,578	12,012,802
		<u>62,144,860</u>	<u>65,837,865</u>

10.1 These carry markup at rates ranging from 3.90% to 5.00% per annum (2015: 5.00% to 8.00% per annum).

11 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

This represents a land measuring 472.22 SQ. Yards located at plot No. F-3/2, Block-8, Clifton Karachi which was sold for proceeds amounting to Rs. 26 million. The title transfer are pending as of the date of the issue of these financial statements (Note 14).

	Note	2016 Rupees	2015 Rupees
12 CAPITAL FUND			
Unrestricted			
Khairpur	12.2	21,298,977	20,056,578
Dadu	12.5	6,830,062	8,976,100
Karachi	12.7	69,011,259	61,171,351
		97,140,298	90,204,029
Designated			
Specific building fund	12.3	4,285,115	4,552,893
		101,425,413	94,756,922

12.1 Restricted - Khairpur

Project	Balance as at July 01, 2015	Grant received during the year	Grant receivable as at June 30, 2016	Grant utilized for revenue expenditures	Grant utilized for capital expenditures	Grant received in advance as at June 30, 2016
TVET EC	(3,775,404)	14,937,908	-	(11,084,465)	-	78,039
IKEA - UNICEF	-	4,383,816	2,266,439	(6,650,255)	-	-
TVET MSF II	97,490	5,479,769	-	(5,433,878)	-	143,381
CDP	3,184,518	5,082,531	-	(8,267,049)	-	-
Engro Schools-sukkur	(494,353)	4,798,945	79,957	(4,384,549)	-	-
DIL School	49,279	28,877,923	849,538	(28,619,739)	(1,157,000)	1
Packard	1	-	-	(1)	-	-
Child Rights	285,118	-	-	(285,118)	-	-
SEF	2,440,912	11,420,706	-	(12,146,381)	-	1,715,237
3 Gov't Schools	13,243,495	17,244,540	-	(15,483,116)	-	15,004,919
ID and SD	2,122,422	-	-	(2,122,422)	-	-
Engro Schools	710,116	11,280,789	1,665,761	(13,656,666)	-	-
	17,863,594 *	103,506,927	4,861,695	(108,133,639)	(1,157,000)	16,941,577
Grants receivable	(4,269,757)					
Grant received in advance	22,133,351					
	17,863,594 *					

12.2 Unrestricted - Khairpur

Project	Balance as at July 01, 2015	Profit / (loss) for the year	Balance as at June 30, 2016
District office Sukkur	718,392	(668,358)	50,034
Khazana	(1,302,239)	(814,581)	(2,116,820)
Regional Office	17,678,630	2,380,337	20,058,967
DIL MC	(46,308)	2,656	(43,652)
Pizza	63,798	219,994	283,792
Craft Centre	1,263,487	904,568	2,168,055
IRC Agriculture	(188,417)	(36,703)	(225,120)
Main office PPAF Ghotki	1,869,235	(745,514)	1,123,721
	20,056,578	1,242,399	21,298,977

12.3 Designated - Khairpur

Project	Balance as at July 01, 2015	Amortization for the year	Balance as at June 30, 2016
Building fund	4,552,893	(267,778)	4,285,115
	4,552,893	(267,778)	4,285,115

12.4 Restricted - Dadu

Project	Balance as at July 01, 2015	Grant received during the year	Grant receivable as at June 30, 2016	Grant utilized for revenue expenditures	Grant utilized for capital expenditures	Grant received in advance as at June 30, 2016
Alif Ailaan	(4,628,775)	4,684,220	-	(55,445)	-	-
CDGP	-	6,329,548	1,093,193	(7,422,741)	-	-
IELP-SEF	-	6,671,000	1,502,844	(8,173,844)	-	-
OXFAM PKNC -60	288,432	-	-	(288,432)	-	-
OXFAM PKNC -59	32,550	530	-	(33,080)	-	-
PEFSA IV	(1,761,180)	2,024,326	-	(263,146)	-	-
Flood - Trocaire	3,653,293	7,746,548	-	(7,543,594)	-	3,856,247
Rozan	(536,518)	551,553	-	(15,035)	-	-
CBDRR	2,193,719	6,048,716	-	(7,479,288)	-	763,147
CBDRM	2,751,137	18,189,142	1,702,762	(22,593,311)	(49,730)	-
	<u>1,992,658 *</u>	<u>52,245,583</u>	<u>4,298,799</u>	<u>(53,867,916)</u>	<u>(49,730)</u>	<u>4,619,394</u>

Grants receivable	(6,926,473)
Grant received in advance	8,919,131
	<u>1,992,658 *</u>

12.5 Unrestricted - Dadu

Project	Balance as at July 01, 2015	Profit / (loss) for the year	Balance as at June 30, 2016
Micro credit Sehwan	-	-	-
School fees	4,468,153	1,381,931	5,850,084
Indus Bits	-	(272,164)	(272,164)
Regional office-Sehwan	3,157,140	(2,189,523)	967,617
Regional office-Dadu	691,214	(560,635)	130,579
Regional office-Shahdadkot	659,593	(505,647)	153,946
	<u>8,976,100</u>	<u>(2,146,027)</u>	<u>6,830,062</u>

12.6 Restricted - Karachi

Project	Balance as at July 01, 2015	Grant received during the year	Grant receivable as at June 30, 2016	Grant utilized for revenue expenditures	Grant utilized for capital expenditures	Grant received in advance as at June 30, 2016
DCC - DAI	-	-	1,269,295	(995,295)	(274,000)	-
IELP-SEF	-	44,385,602	-	(41,455,058)	(176,000)	2,754,545
Flood and Relief - Individual	7,156,490	747,500	-	(281,824)	-	7,622,166
Oxfam GB	337,477	7,750,235	-	(7,593,246)	(284,900)	209,566
ISRHO - Packard	13,276,009	487,647	-	(13,763,657)	-	-
PPAF Education Phase III	(21,158,564)	65,598,064	4,530,247	(48,969,747)	-	-
Sindh Reading Program - SRP	(12,185,541)	22,562,607	-	(10,377,066)	-	-
SCMP	(9,799,781)	27,718,747	11,778,999	(29,577,965)	(120,000)	-
Karachi Youth Initiative Program	11,687,476	2,237,770	-	(6,024,769)	-	7,900,477
	<u>(10,686,434) *</u>	<u>171,488,173</u>	<u>17,578,541</u>	<u>(159,038,627)</u>	<u>(854,900)</u>	<u>18,486,754</u>

Grants receivable	(43,143,886)
Grant received in advance	32,457,452
	<u>(10,686,434) *</u>

12.7 Unrestricted - Karachi

Project	Balance as at July 01, 2015	Profit / (loss) for the year	Balance as at June 30, 2016
Zamama Mall	(1,198,017)	(470,929)	(1,668,945)
Social Mobilization	2,254,342	(1,744,643)	509,700
Child Sponsorship	4,645,140	805,179	5,450,319
Regional Office-Karachi	12,062,051	(1,566,306)	10,495,746
Head office	43,389,824	10,791,372	54,181,197
Sindh Tour	18,011	25,231	43,242
	<u>61,171,351</u>	<u>7,839,904</u>	<u>69,011,259</u>

	Note	2016 Rupees	2015 Rupees
13 DEFERRED CAPITAL GRANT			
Opening balance as at July 01,		1,412,986	2,169,113
Add: Grant received during the year	4.1	<u>2,061,630</u>	<u>301,600</u>
		3,474,616	2,470,713
Less: Transfer and amortization			
Amortization during the year	4.1	<u>(803,277)</u>	<u>(525,480)</u>
Transfer of intangible fixed assets during the year - net		<u>(312,473)</u>	<u>(532,248)</u>
		<u>(1,115,750)</u>	<u>(1,057,727)</u>
		<u>2,358,866</u>	<u>1,412,986</u>
14 ADVANCE AGAINST SALE OF LAND			
Advance against sale of land	14.1	<u>16,600,000</u>	<u>-</u>
14.1	During the year the Society has entered into sale agreement of land for consideration amounting to Rs. 26 million. This balance represents advance received against the sale (Note 10).		
15 TRADE AND OTHER PAYABLES			
Accrued expenses and other liabilities		61,466,467	66,818,680
Payable to Donors		<u>610,000</u>	<u>610,000</u>
		<u>62,076,467</u>	<u>67,428,680</u>
16 GRANT RECEIVED IN ADVANCE			
Restricted			
Khairpur	12.1	16,941,577	22,133,351
Dadu	12.4	4,619,394	8,919,131
Karachi	12.6	<u>18,486,754</u>	<u>32,457,452</u>
		<u>40,047,725</u>	<u>63,509,934</u>

17 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 restaurant and Pizza 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 above mentioned act and charge, collect and deposit the sales tax on the taxable services as per provisions of the above mentioned 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 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.

2016
Rupees

2015
Rupees

18 GRANT INCOME

Khairpur region

Project name

Donor

Community Development Program	GOS	8,267,049	8,858,833
Engro Schools	Engro	13,656,666	12,452,912
MSFII	OXFAM		
	NOVIB	5,433,878	7,285,804
Engro Schools - Sukker	Engro	4,384,549	6,003,762
Child Rights in Cotton Farming	UNICEF	285,118	6,609,925
Wash & Irish	UNICEF	-	713,468
Development in Literacy	DIL	28,619,739	24,665,037
Reproductive Health	Packard	1	14,131
CMAM IYCF	Concern	-	20,745
IKEA	UNICEF	6,650,255	-
Equate-TVET			
	OXFAM NOVIB	11,084,465	55,631,557

		2016 Rupees	2015 Rupees
LTEOOP-TDEA	TAF	-	7,900
CMAM 14 UC	UNICEF	-	4,656
Three Govt: School	GOS	15,483,116	262,829
Institutional development	PPAF	2,122,422	4,973,073
Increasing Access to Quality	SEF	12,146,381	5,158,385
		108,133,640	132,663,017

Dadu region

Project name

Donor

CBDRM	Concern	22,593,311	6,688,263
PEFSA-IV	OXFAM GB	263,146	9,650,890
Community Physical Infrastructure	PPAF	-	126,335
Helping Girls into Schools	OXFAM GB	-	610
CADGP	FAFEN	7,422,741	-
IELP	SEF	8,173,844	-
Facilitating access and quality for	OXFAM GB	288,432	-
Enhancing Access and Quality for			
Girls Education in Pakistan	OXFAM GB	33,080	119,604
Rozan	DAI	15,035	21,507,317
STAP	TAF	-	3,094
Alif Ailaan	DAI	55,445	13,317,884
Restoring Community Livelihood in			
Flood	Trocaire	7,543,594	11,131,508
CBDRR	Trocaire	7,479,288	7,612,335
		53,867,916	70,157,841

Karachi region

Child Protection	UNICEF	-	1,100,000
Brining Girls Back to Schools	OXFAM	7,593,246	319,446
Karachi Youth Initiative Program	USAID	6,024,769	8,164,948
TVET Reform Support Programme	GIZ	-	15,494
Sindh Reading Program -SRP	USAID	10,377,066	24,070,011
IELP	SEF	41,455,058	-
Give to Asia	Give to Asia	-	110,035
Its My Right Make Its Happen	Ilm Ideas	-	3,565,074
DCC	DAI	995,295	-
Sindh Community Mobilization	USAID	29,577,965	23,013,156
Program - (SCMP)			
ISRH	Packard	13,763,657	8,420,339

		2016 Rupees	2015 Rupees
Supporting Transparency , Accountability and Electoral Processes in Pakistan (STAEP)	TAF	-	2,543,840
Education Phase III	PPAF	48,969,747	67,504,273
Flood and Relief	Individuals	281,824	1,227,620
		<u>159,038,627</u>	<u>140,054,236</u>
		<u>321,040,183</u>	<u>342,875,094</u>
19 SERVICE CHARGES			
Khairpur region			
Guest house		5,308,779	4,678,588
Rental income		2,971,468	575,380
Training income		506,000	167,920
Overhead and management cost		11,858,889	15,479,318
		<u>20,645,136</u>	<u>20,901,206</u>
Dadu region			
Tuition fees		879,980	671,845
Vehicle rent		84,123	1,115,520
Overheads		4,778,546	9,430,191
IRC contribution		1,014,987	1,414,198
Service charges		846,100	-
		<u>7,603,737</u>	<u>12,631,753</u>
Karachi region			
Vehicle rent		198,000	1,913,200
Overheads		27,396,386	25,008,222
Contribution		1,610,175	2,415,989
Service charges		1,440,025	2,204,384
		<u>30,644,586</u>	<u>31,541,795</u>
Less: Intra group elimination			
Khairpur region		(20,645,136)	(20,968,706)
Dadu region		(6,723,757)	(10,558,025)
Karachi region		(29,094,386)	(27,965,691)
		<u>(56,463,279)</u>	<u>(59,492,422)</u>
		<u>2,430,180</u>	<u>5,582,332</u>
20 SALES			
Khazana outlet		3,302,782	2,318,719
Food centre		5,949,186	3,320,521
Craft center		3,116,175	1,467,075
Agriculture		376,841	403,107
Sunday bazar		3,705,366	3,224,795
		<u>16,450,350</u>	<u>10,734,217</u>

21 PROGRAMME AND PROJECT EXPENSES

2016
Rupees

2015
Rupees

Khairpur region

Engro Schools-Ghotki	Engro	13,653,306	12,450,612
Engro Schools-sukkur	Engro	4,369,233	6,003,062
Child Rights in Cotton Farming	UNICEF	284,943	6,601,295
Wash & Irish	UNICEF	-	713,468
MSF II			
	OXFAM NOVIB	5,432,774	7,285,277.82
Institutional development	PPAF	2,122,422	4,973,073
CMAM IYCF	Concern	-	20,745
IKEA	UNICEF	6,625,751	
Equate-TVET	OXFAM NOVIB	11,079,465	55,594,643
LTEOOP-TDEA	TAF	-	7,900
Development in Literacy	DIL	28,481,978	24,614,666
Reproductive Health	Packard	-	13,783
CMAM 14 UC	UNICEF	-	4,656
Three Govt: School	GOS	15,358,576	219,270
CDP	GOS	8,258,052	8,855,808
Increasing Access to Quality Education	SEF	12,134,946	5,155,160
		107,801,446	132,513,419

Dadu region

CMDRM	Concern	22,371,443	6,673,889
Community Physical Infrastructure	PPAF	-	125,000
Emergency Response to Flood	Trocaire	7,460,437	7,607,176
Rozan	DAI	12,853	21,503,414
Alif Ailaan	DAI	42,016	13,317,015
IELP	SEF	8,149,199	-
Facilitating access and quality for Girls Education through evidence advocacy and active citizenship	OXFAM GB	-	60
Enhancing Access and Quality for Girls Education in Pakistan	OXFAM GB	33,080	119,604
PEFSA-IV	OXFAM GB	257,594	9,638,898
CDGP	TADA	7,403,636	-
Bringing Girls Back to Schools	OXFAM PKNC	288,432	-
Restoring Community Livelihood in Flood	Trocaire	7,519,374	11,117,754
		53,538,064	70,102,810

Karachi region		2016	2015
		Rupees	Rupees
Project name	Donor		
IELP -SEF	Gos	41,450,767	-
RH	Packard	13,722,220	8,417,909
Its My Right Make Its Happen	Ilm Ideas	-	3,564,724
Sindh Reading Program	USAID	10,369,143	24,068,440
Sindh Community Mobilization	USAID	29,570,963	23,011,260
Water Environmental Sanitation	TAF	-	2,543,513
Flood and Relief	Individuals	280,000	1,226,515
Education Phase-III	PPAF	48,894,486	67,393,289
Give to Asia	Give to Asia	-	110,035
Karachi Youth Initiative Program	USAID	6,024,769	8,164,948
Brining Girls Back to Schools	Oxfam GB	7,590,368	319,395
Child Protection	UNICEF	-	1,100,000
DCC	DAI	995,065	-
TVET Reform Support Programme	GIZ	-	15,394
		158,897,781	139,935,422
Less: Intra group elimination			
Khairpur region		(20,645,136)	(20,968,706)
Dadu region		(6,723,757)	(13,103,370)
Karachi region		(29,094,386)	(27,965,691)
		263,774,012	280,513,884

22 EXPENDITURE INCURRED ON UNRESTRICTED PROJECTS

Khairpur region

Staff salaries and allowance	6,116,937	4,626,021
Repair and maintenance	2,223,318	2,404,318
POL and vehicle maintenance	1,725,860	3,583,766
Khazana items	5,523,944	3,173,210
Utilities	1,706,876	2,159,268
Printing and stationery	226,931	231,640
Communication	337,189	442,574
Milk	488,302	207,350
Office supplies	-	193,340

	2016 Rupees	2015 Rupees
Guest house expenses	3,825,104	1,834,668
Depreciation	1,708,390	1,908,989
Labour charges	-	1,506,891
Staff entertainment expenses	967,344	963,223
Tax expenses	247,724	15,518
Hostel and guest house rent	851,197	845,885
Miscellaneous	25,570	50,425
Travelling expenses	649,923	453,169
Other expenses	2,321,442	750,956
Seeds	171,142	276,053
Training	2,752,259	288,245
	31,869,452	25,915,509
Add: Opening stock	2,389,250	-
Less: Closing stock	(2,244,517)	-
	<u>32,014,185</u>	<u>25,915,509</u>

Dadu region

Staff salaries and allowances	2,399,805	1,497,378
Repair and maintenance	422,697	371,307
POL and vehicle maintenance	1,501,807	2,884,553
Tax and Duties	-	106,770
Office rent	1,039,910	1,694,031
Vehicle rent	30,500	228,085
Utilities	620,361	783,354
Office supplies	127,240	212,571
Printing and stationery	287,864	301,022
Communication	343,890	94,411
Renovation/construction of Schools	101,800	35,500
Staff entertainment expenses	455,703	545,186
Transfer of funds to PPAF	343,003	-
Transfer of funds to Karachi office	1,457,000	-
Training	-	186,967
Guest house expenses	-	201,254
Depreciation	320,645	315,961
Transportation	135,167	123,713
Other expenses	68,850	33,000
	9,656,242	9,615,063

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	2016 Rupees	2015 Rupees
Karachi region		
Staff salaries and allowances	6,498,235	10,928,738
Honorarium to trainee	24,500	61,850
Consultancy fee	201,200	691,860
Office rent	348,787	782,302
Utilities	1,020,304	1,150,151
Shop and Stall rent	937,280	1,004,015
Residential charges	57,353	-
Printing and stationery	118,690	449,447
Transfer of Fund	4,192,098	5,490,603
POL and vehicle rent	178,530	1,257,183
Schools fee	-	108,940
Staff tea	-	29,510
Meal	375,481	387,276
Depreciation	2,061,362	1,561,722
Transportation and parking	138,031	485,625
Travelling expenses	73,832	274,382
Insurance expenses	70,341	170,176
Purchases for Sunday bazar	2,922,738	3,195,466
Tax and Duties	3,135,650	2,354,721
Audit fee	300,000	260,000
Other expenses	408,437	2,747,935
Miscellaneous expenses	780,094	624,096
Board meeting expenses	-	29,891
Repair and maintenance	1,163,016	870,368
	<u>25,005,958</u>	<u>34,916,256</u>
	<u>66,676,385</u>	<u>70,446,828</u>

23 FINANCIAL CHARGES

Restricted projects	802,892	322,107
Unrestricted projects	337,534	157,714
	<u>1,140,426</u>	<u>479,821</u>

24 TRANSACTIONS WITH RELATED PARTIES

Related parties includes Executive Director and key management personnel. The Society in the normal course of business carries out transactions with related parties. Transactions with related parties during the year were as follows:

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	2016 Rupees	2015 Rupees
Nature of transaction		
Remuneration of Executive Director	<u>1,350,000</u>	<u>1,350,000</u>

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

25.1 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.

* 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:

	2016 Rupees	2015 Rupees
Long term deposits	1,966,442	2,265,442
Advances and other receivables	35,280,381	24,518,392
Grant receivable	26,739,035	54,340,116
Bank balances	62,138,029	65,629,811
	<u>126,123,887</u>	<u>146,961,815</u>

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

25.2 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	-	-	-	-	1,966,442	1,966,442	1,966,442
Advances and other receivables	-	-	-	35,280,381	-	35,280,381	35,280,381
Grant receivable	-	-	-	26,739,035	-	26,739,035	26,739,035
Bank balances	-	-	-	62,138,029	-	62,138,029	62,138,029
	-	-	-	124,157,445	1,966,442	126,123,887	126,123,887
Financial liabilities							
Trade and other payables	-	-	-	62,076,467	-	62,076,467	62,076,467
Grant received in advance	-	-	-	40,047,725	-	40,047,725	40,047,725
	-	-	-	102,124,192	-	102,124,192	102,124,192
Net financial assets – 2016	-	-	-	22,033,253	1,966,442	23,999,695	23,999,695
Net financial assets – 2015	-	-	-	13,757,759	2,265,442	16,023,201	16,023,201

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

25.3 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.

25.4 Fair value of financial instruments

The carrying value of all the financial assets and financial liabilities are estimated to approximate their fair values.

	2016	2015
	No. of employees	
26 NUMBER OF EMPLOYEES		
Number of employees as at June 30	957	1085
Average number of employees	1021	1010

27 **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. No significant reclassifications has been made during the year.

28 **DATE FOR AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 21 JAN 2017 by the Board of Directors of the Society.

29 **GENERAL**

Figures have been rounded off to the nearest rupee.


CHAIRPERSON


EXECUTIVE DIRECTOR

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