KPMG Taseer Hadi & Co.

Strengthening Participatory Organization

Financial Statements

For the year ended

30 June 2021

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REPORT

To the members of Strengthening Participatory Organization

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Strengthening Participatory Organization (the Company), which comprise the statement of financial position as at 30 June 2021, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to explanations given to us, the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the deficit, other comprehensive loss, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Riaz Pesnani.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
16 December 2021

Strengthening Participatory Organization

Statement of financial position

As at 30 June 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Property and equipment	5	100,796,206	137,843,411
Investment properties	6	130,918,200	71,589,216
Intangible assets	7	153,052	273,543
Long term investments	8	100,000,000	-
NON-CURRENT ASSETS		331,867,458	209,706,170
Advances	9	19,796,954	481,355
Deposits and prepayments	10	2,643,897	2,719,535
Tax refunds due from the government	11	32,626,346	33,091,010
Grants receivable	12	35,934,179	12,008,374
Other receivables	13	3,519,498	4,079,476
Interest accrued on long term investments	8	4,365,890	-
Short-term investments	14	22,407,748	136,623,428
Cash and bank balances	15	29,654,368	45,861,774
Non-current assets held for sale	16	44,185,625	-
CURRENT ASSETS		195,134,505	234,864,952
TOTAL ASSETS		527,001,963	444,571,122
FUNDS AND RESERVES			
Unrestricted funds		309,481,128	304,308,189
Capital reserve - revaluation surplus on property		115,299,124	93,149,072
TOTAL FUNDS AND RESERVES		424,780,252	397,457,261
LIABILITIES			
Deferred capital grants	17	3,470,429	2,142,326
Deferred grants against operating activities	18	85,031,976	36,474,245
NON-CURRENT LIABILITIES		88,502,405	38,616,571
Accrued and other liabilities	19	13,719,306	8,497,290
CURRENT LIABILITIES		13,719,306	8,497,290
TOTAL LIABILITIES		102,221,711	47,113,861
TOTAL FUNDS, RESERVES AND LIABILITIES		527,001,963	444,571,122
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Strengthening Participatory Organization

Statement of Income and Expenditure

For the year ended 30 June 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Grant income	**21**	**343,675,743**	130,539,768
EXPENDITURE			
Programme activities:			
Programme expenses	**22**	**(248,978,257)**	(165,364,757)
Grants to Community Based Organizations (CBOs) / others	**23**	**(105,781,453)**	(2,610,264)
		(354,759,710)	(167,975,021)
Administrative expenses	**24**	**(18,361,467)**	(15,599,842)
(Increase)/reversal in provision for expected credit losses	**12.1&13**	**(182,948)**	2,993,176
		(18,544,415)	(12,606,666)
OTHER INCOME	**25**	**28,252,659**	25,217,278
DEFICIT FOR THE YEAR		**(1,375,723)**	(24,824,641)
Taxation	**26**	**(3,602,423)**	-
NET DEFICIT FOR THE YEAR		**(4,978,146)**	(24,824,641)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Strengthening Participatory Organization
Statement of Comprehensive Income
For the year ended 30 June 2021

	2021 Rupees	2020 Rupees
NET DEFICIT FOR THE YEAR	**(4,978,146)**	(24,824,641)
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(4,978,146)**	(24,824,641)

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Strengthening Participatory Organization

Statement of cash flows

For the year ended 30 June 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit for the year before tax		(1,375,723)	(24,824,641)
Adjustment for:			
Depreciation	24	2,616,454	2,843,405
Amortization	24	120,491	87,967
Gain on sale of property and equipment	25	(6,088,551)	(1,203,724)
Unrealized exchange loss / (gain)	25	2,721	(8,944)
Return on term deposit receipts	25	(11,364,167)	(13,962,366)
Return on saving accounts	25	(2,841,806)	(3,245,712)
Return on mutual funds	25	(388,719)	(539,089)
Loss on disposal of investment property	25	1,836,480	-
Gain from fair value measurement of investment properties	6	(1,479,650)	(3,994,236)
Decrease in price of mutual fund units		83,775	-
Specific provision against doubtful grant receivable	24	115,360	2,241,978
(Increase)/reversal in provision for expected credit losses	31.4.2	182,948	(2,993,176)
Other receivables written off	24	7,056	-
Reversal of specific provision against other receivables	25	(2,201,836)	-
Specific provision against doubtful other receivables	24	1,015,822	1,301,836
Grant income	21	(343,675,743)	(130,539,768)
		(363,435,089)	(174,836,470)
Changes in:			
Advances		(19,315,599)	(298,936)
Long term deposit		-	300,000
Deposits and prepayments		75,638	(472,291)
Other receivables		1,704,659	19,644,159
Accrued and other liabilities		5,404,094	(7,916,495)
		(12,131,208)	11,256,437
Cash used in operations		(375,566,297)	(163,580,033)
Advance tax paid		(3,137,759)	(20,001,960)
Grants received	18	367,510,252	172,628,125
Amount refunded to donors	18	-	(1,020,540)
Payment on behalf of donor	18	-	(6,631,579)
		364,372,493	144,974,046
Net cash used in operating activities		(11,193,804)	(18,605,987)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		-	(138,500)
Purchase of intangible assets	7	-	(361,510)
Purchase of investment property	6.1	(110,000,000)	-
Proceeds from sale of property and equipment		30,136,631	1,822,677
Proceeds from sale of investment property	6.1.1	50,314,186	-
Investment in Term Deposit Receipt		(100,000,000)	-
Purchase of mutual fund units		(329,486)	(456,802)
Redemption of mutual fund units		6,000,000	-
Return on Term Deposit Receipts		6,998,277	14,413,804
Return on saving accounts	25	2,841,806	3,245,712
Return on mutual funds	25	388,719	539,089
Net cash (used in)/ generated from investing activities		(113,649,867)	19,064,470
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(124,843,671)	458,483
CASH AND CASH EQUIVALENTS AT 1 JULY		176,052,678	175,585,251
Effect of exchange rate changes	25	(2,721)	8,944
CASH AND CASH EQUIVALENTS AT 30 JUNE	27	51,206,286	176,052,678

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Strengthening Participatory Organization

Statement of changes in funds and reserves

For the year ended 30 June 2021

	UNRESTRICTED FUNDS				CAPITAL RESERVE	
	SPO Receipts (Note 28)	SPO Training Units (Note 29)	Vehicle Reserve Fund (Note 30)	Sub-total Funds	Revaluation Surplus on Property	Total
	Rupees					
Balance as at 01 July 2019	176,973,752	77,336,541	74,508,678	328,818,971	93,462,931	422,281,902
Total comprehensive income						
Net (deficit)/surplus for the year	(23,019,849)	90,658	(1,895,450)	(24,824,641)	-	(24,824,641)
Other comprehensive income	-	-	-	-	-	-
	(23,019,849)	90,658	(1,895,450)	(24,824,641)	-	(24,824,641)
Transferred to unrestricted funds on account of incremental depreciation	313,859	-	-	313,859	(313,859)	-
Balance as at 30 June 2020	154,267,762	77,427,199	72,613,228	304,308,189	93,149,072	397,457,261
Balance as at 01 July 2020	**154,267,762**	**77,427,199**	**72,613,228**	**304,308,189**	**93,149,072**	**397,457,261**
Total comprehensive income						
Net (deficit)/surplus for the year	**(6,973,923)**	**1,228,311**	**767,466**	**(4,978,146)**	-	**(4,978,146)**
Other comprehensive income	-	-	-	-	-	-
	(6,973,923)	**1,228,311**	**767,466**	**(4,978,146)**	-	**(4,978,146)**
Transferred to unrestricted funds:						
-on account of incremental depreciation	**209,859**	-	-	**209,859**	**(209,859)**	-
-on account of disposal of property	**9,941,225**	-	-	**9,941,225**	**(9,941,225)**	-
Revaluation surplus for the year	-	-	-	-	**32,301,137**	**32,301,137**
Balance as at 30 June 2021	**157,444,924**	**78,655,510**	**73,380,694**	**309,481,128**	**115,299,124**	**424,780,252**

The annexed notes 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

1 THE COMPANY AND ITS OPERATIONS

1.1 Strengthening Participatory Organization (SPO or "the Company"), was incorporated on 15 January, 1994, under Section 42 of the Companies Act, 2017 as a company limited by guarantee, having its registered office in Islamabad. It is a right-based civil society organization of Pakistan working for the capacity building of community based organizations and public interest institutions through training and technical assistance, research, advocacy, linkages and networking.

The Company receives grants from various national and multinational organizations for implementation of its objectives. SPO strives to address the emerging issues in the particular socio-economic context of Pakistan through its core programme areas of democratic governance, social justice, peace and social harmony. In addition, SPO has a component of humanitarian response that deals with disasters and emergency situation.

The registered office of the Company is situated at Apartment no. 203, 2nd Floor, Imperial Square, Services Cooperative Housing Society, Sector E-11/2, Islamabad, with regional/project/satellite offices in 8 cities of Pakistan, including Karachi, Lahore, Quetta, Peshawar, Hyderabad, and Multan.

Geographical location and addresses of business units

Islamabad	**Purpose**
Apartment no. 203 and 204, 2nd Floor, Imperial Square, Services Cooperative Housing Society, Sector E-11/2, Islamabad	Head Office
Multan	**Purpose**
House no. 339 & 340, Block D, Shah Rukn-e-Alam Colony, Multan.	Regional Office
Lahore	**Purpose**
House No. 594, Block B Faisal Town, Moon Market Lahore	Regional Office
Quetta	**Purpose**
House no. 58-A ,Near Pak Japan Cultural Center, Jinnah Town, Quetta	Regional Office
Hyderabad	**Purpose**
Plot no. 158/2, Alamdar Chowk, Grid Station Qasimabad, Hyderabad	Regional Office
Karachi	**Purpose**
G-22, B/2 Park Lane 5, Clifton, Karachi	Regional Office
Turbat	**Purpose**
Pasni Road, Turbat	Regional Office
Peshawar	**Purpose**
2nd Floor, Al-Kout Tower, Opposite FAW Showroom Peshawar, Near Sarhad University, Ring Road, Peshawar	Regional Office
Shikarpur	**Purpose**
Kirri Atta Muhammad, Near Mehran marble Factory, Sukpul, Shikarpur	Regional Office

The Company's license under section 42 of the Companies Act, 2017, issued by the Securities and Exchange Commission of Pakistan (SECP), expired in January 2015. The Company's application for the renewal of the license, to SECP, submitted in January 2015, is awaiting approval from the Ministry of Interior, Government of Pakistan.

SECP vide its letter CLD/CCD/CO.42/RN/69/2015-8299 dated 17 August 2020 stated that the matter has been forwarded to Ministry of Interior, Government of Pakistan for obtaining necessary clearance regarding foreign funding/ directors before grant of renewal of license under section 42 of the Companies Act, 2017. The management of the Company is confident that the license will be renewed in due course.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards or the Accounting Standards for NPOS, the provisions of and directives issued under Companies Act, 2017 have been followed.

3 BASIS OF MEASUREMENT

The accompanying financial statements have been prepared under the 'historical cost convention', except for freehold land, buildings and investment property, which have been measured at revalued amounts.

3.1 Approved Accounting standards not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

  -IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  -IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

  -IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

  Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  -requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.
  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Significant accounting estimates and judgments

While applying the accounting policies as stated in Note 4.2 to 4.15 to the Financial Statements, the management of the Company has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year of the revision in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current year are discussed below:

(i) Useful life of property and equipment

The management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge is adjusted where management believes that the useful lives differ from previous estimates.

(ii) Impairment of property and equipment

Property and equipment are assessed for impairment based on assessment of cash flows on individual cash-generating units when there is indication of impairment.

The carrying amounts of property and equipment at 30 June 2021 was Rs. 112,6 million (2020: Rs. 137.8 million).

The net present values are compared to the carrying amounts to assess any probable impairment.

Revaluation of property

The Company engaged an independent valuation specialist to assess the fair value of property as at 30 June 2019. Property was valued by reference to fair value method.

(iii) Fair value of investment property

In order to assess the fair value of the investment property, the Company has obtained an independent valuation report. Management believes that the appraised value reflects the true fair value of property in light of current economic situations. The total fair value of investment property at 30 June 2021 amounted to Rs.130.9 million (2020: Rs.71.6 million).

(iv) Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

(v) Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property or property and equipment. The Company develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property and property and equipment. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 16 "Property, Plant and Equipment" and IAS 40 "Investment Property", in particular, the intended usage of property as determined by management.

4.2 Property and equipment

Property and equipment, except freehold land and buildings, are stated at cost less accumulated depreciation and impairment, if any. Freehold land and buildings are stated at revalued amounts less accumulated depreciation and impairment losses, if any.

Depreciation is charged to the Income and Expenditure Statement by applying the straight-line method, whereby the cost of an asset is written-off over its estimated useful life. The rates of depreciation are stated in note 6 to the financial statements. Depreciation on additions is charged from the month of acquisition with no charge of depreciation in the month of disposal (see note 6). Useful lives are determined by the management based on the expected usage of assets, the expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change in accounting estimate.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income and Expenditure Statement in the year the asset is derecognized, and the related surplus on the revaluation is transferred directly to unrestricted funds.

Normal repairs and maintenance costs are charged to the Income and Expenditure Statement as and when incurred.

Any revaluation increase arising on the revaluation of land and buildings is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in Income and Expenditure Statement, in which case the increase is credited to Income and Expenditure Statement to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land and buildings is charged to Income and Expenditure Statement to the extent that it exceeds the balance, if any, held in the revaluation surplus on property and equipment relating to a previous revaluation of that asset. The surplus on revaluation of property and equipment to the extent of incremental depreciation charged, is transferred to unrestricted funds.

4.3 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of the investment property are included in the Income and Expenditure Statement in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the Pakistan Banking Association.

Investment property is derecognized either when it has been disposed-off or when it is permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the investment property is recognized in the Income and Expenditure Statement in the period of derecognition.

Transfers are made to/(from) Investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, then it is accounted for such property, in accordance with the policy stated under property and equipment up to the date of change in use.

4.4 Intangibles

These are stated at cost less accumulated amortization and impairment, if any.

4.5 Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise of the Company's balances of cash in hand, cash at banks and other short-term financial assets, which are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.6 Funds and reserves

The Company has setup three reserves, namely the "SPO Receipts", "SPO Training Unit" and "Vehicle Reserve Fund". The nature of these unrestricted funds is explained below. In addition to this, the Company also has a Capital Reserve as described under note 4.2. The Company being established under Section 42 of the Companies Act, 2017, none of its funds and reserve are distributable to the members of the Company.

4.6.1 SPO Receipts

This represents the balance of net surpluses, except those described under notes 4.6.2 and 4.6.3.

4.6.2 SPO training unit

This represents the net surplus generated from training related activities, including training fees charged to donors.

4.6.3 Vehicle reserve fund

This represents the net surplus generated from vehicle rental income charged to donors.

4.7 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.8 Staff retirement benefits - Defined contribution plan

The Company operates a defined contribution provident fund scheme (the Fund) for its eligible employees. The fund which is separately maintained, is recognized and is fully funded. Contributions to the fund are made by the Company and its employees in accordance with the rules of the fund. The rate of employer and employee contributions is 10% of the basic pay of eligible employees.

4.9 Taxation

SPO has obtained the registration as a "non-profit organization" under section 2(36) of the Income Tax Ordinance, 2001 (the Ordinance) from the Commissioner of Inland Revenue as on 16th August 2021.

SPO is a welfare/non-profit organization and accordingly, management considers that a 100% tax credit under section 100C of the Ordinance is available to SPO in respect of its incomes specified in the said section.

The Company has recognised current tax provision to the extent of tax deducted under section 153(1)(b) of the Ordinance.

4.10 Revenue recognition

4.10.1 Grant income

Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions have been complied with.

4.10.2 Grants against operating activities

Grants of non-capital nature are recognized as deferred grant, at the time of their receipt. Subsequently, these are recognized in the Income and Expenditure Statement to the extent of expenditure incurred. Expenditure incurred against grants, against which grant funds have been committed but not received, is recognized in the Income and Expenditure Statement and is reflected as a receivable from donors in the Statement of Financial

4.10.3 Deferred capital grants

Grants received for the purchase of fixed assets are initially recorded as deferred capital grant upon receipt. Subsequently, these are recognized in the Income and Expenditure Statement, on a systematic basis, over the periods necessary to match them with the carrying value of the related assets.

4.10.4 Unrestricted contributions

Unrestricted contribution is recognized as income in the period of its receipt.

4.10.5 Non-monetary grant

Grants of non-monetary assets such as land and other resources received as donations in kind for the use of the entity are accounted for as grant and asset at fair value on the date of their receipt.

4.10.6 NPO guideline

The Company has adopted the deferral method of accounting instead of fund accounting.

4.10.7 Profit on savings accounts and short-term investment

Profit on saving accounts and investments is accrued on a time proportion basis by reference to the principal balance outstanding and the applicable rate of return.

4.11 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through Profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized Income and Expenditure Statement when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include include grant receivables, deposits, accrued interest, other receivables, short term investments and cash at bank.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income and impairment losses or reversals are recognized in the Income and Expenditure Statement and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to Income and Expenditure Statement.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to Income and Expenditure Statement. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as fair value through profit and loss if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the Income and Expenditure Statement.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    (a) the Company has transferred substantially all the risks and rewards of the asset, or
    (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

It is the Company's policy to measure ECLs on investment grade debt instruments at fair value through OCI on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit agencies, both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liability

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accrued and other liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments, if any, entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Income and Expenditure Statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through Income and Expenditure Statement.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Income and Expenditure Statement.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.12 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Foreign currency transactions, during the year, are recorded at the exchange rates approximating those ruling on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange, which approximate those prevailing on the reporting date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair values in a foreign currency, are translated using the exchange rates prevailing at the dates when the fair values were determined.

4.13 Impairment of non-financial assets

The carrying values of non-financial assets are assessed at each reporting date, to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the non-financial assets is estimated. An impairment loss is recognized as an expense in the Income and Expenditure Statement, for the amount by which the non-financial asset's carrying value exceeds its recoverable amount.

4.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability; or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Head of Finance determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.15 Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

4.16 Assets held for sale

Non current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment loss on initial recognition as held for sale and subsequent gain or loss on re-measurement are recognised in the statement of profit or loss. Once classified as held for sale, property and equipment is no longer depreciated.

5 PROPERTY AND EQUIPMENT

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						WRITTEN DOWN VALUE
	As at 01 July 2020	Additions	Increase due to revaluation	Disposals / Transfers/ Write offs	Transfer to Assets Held for Sale	As at 30 June 2021	Rate	As at 01 July 2020	Charge for the year	Disposals	Transfer to Assets Held for Sale	Eliminated against revaluation	As at 30 June 2021	As at 30 June 2021
30 JUNE 2021	Amount in Rupees							Amount in Rupees						
Freehold land	111,574,600	-	30,800,000	(20,000,000)	(38,374,600)	84,000,000	-	-	-	-	-	-	-	84,000,000
Building on freehold land	24,948,646	-	370,350	(5,242,000)	(6,339,300)	13,737,696	5%	1,270,854	1,018,737	(337,941)	(528,275)	(1,130,787)	292,588	13,445,108
Electrical appliances and equipment	32,619,302	274,846	-	(1,917,637)	-	30,976,511	20%	31,760,100	367,720	(1,917,637)	-	-	30,210,183	766,328
Vehicles	47,854,578	-	-	(8,256,546)	-	39,598,032	20%	47,854,578	-	(8,256,546)	-	-	39,598,032	-
Computer equipment	37,075,576	2,134,000	-	(3,630,674)	-	35,578,902	33%	35,668,594	1,116,135	(3,630,336)	-	-	33,154,393	2,424,509
Furniture and fixtures	11,114,793	16,000	-	(682,066)	-	10,448,727	20%	10,789,958	113,862	(615,354)	-	-	10,288,466	160,261
	265,187,495	2,424,846	31,170,350	(39,728,923)	(44,713,900)	214,339,868		127,344,084	2,616,454	(14,757,814)	(528,275)	(1,130,787)	113,543,662	100,796,206
			(5,811,025)											

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION						WRITTEN DOWN VALUE
	As at 01 July 2019	Additions	Revaluation increase	Disposals	Transfer to Investment Property	As at 30 June 2020	Rate	As at 01 July 2019	Charge for the year	Disposals	Transfer to Investment Property	Eliminated against revaluation	As at 30 June 2020	As at 30 June 2020
30 JUNE 2020	Amount in Rupees							Amount in Rupees						
Freehold land	123,574,600	-	-	-	(12,000,000)	111,574,600	-	-	-	-	-	-	-	111,574,600
Building on freehold land	30,619,496	-	-	-	(5,670,850)	24,948,646	5%	-	1,357,723	-	(86,869)	-	1,270,854	23,677,792
Electrical appliances and equipment	34,420,967	395,205	-	(2,196,870)	-	32,619,302	20%	33,436,592	515,677	(2,192,169)	-	-	31,760,100	859,202
Vehicles	47,854,578	-	-	-	-	47,854,578	20%	47,854,578	-	-	-	-	47,854,578	-
Computer equipment	38,446,018	1,208,895	-	(2,579,337)	-	37,075,576	33%	36,933,332	704,167	(1,968,905)	-	-	35,668,594	1,406,982
Furniture and fixtures	12,110,074	-	-	(995,281)	-	11,114,793	20%	11,515,581	265,838	(991,461)	-	-	10,789,958	324,835
	287,025,733	1,604,100	-	(5,771,488)	(17,670,850)	265,187,495		129,740,083	2,843,405	(5,152,535)	(86,869)	-	127,344,084	137,843,411

5.1 Depreciation for the year has been charged entirely to the Administrative expenses (Note 24).

5.2 The revalued land and buildings consist of land and office properties located in Islamabad, Multan and Turbat regions of the Company. The management of the Company determined that these constitute two separate classes of assets under IFRS 13 (as disclosed in note 5.9), based on the nature, characteristics and risks of the land and properties.

5.3 The transfers represent fully depreciated assets transferred back to donors, upon completion of respective projects.

5.4 The fair value of the land and property was determined using the comparable market method. This means that valuations performed by the valuer are based on active market prices, through market inquiries of market rates for similar sized plots in the vicinity, which have significantly been adjusted for differences in the nature, location or condition of the specific property. The valuations of buildings were based on the present costs of construction for a similar structure. As at the date of last revaluation on 30 June 2021, the properties' fair values were based on valuations performed by accredited independent valuers, who were duly registered with the Pakistan Banking Association, as at that date.

5.5 Additions to property and equipment consist of purchases against donations received from International Rescue Committee amounting to Rs. 1,212,996, British Council amounting to Rs. 631,000 and from Norwegian Church Aid amounting to Rs. 580,850.

5.6 Freehold land includes a land amounting to Rs. 3,000,000 at Pasni Road, Kech District, Turbat which was allotted by the Revenue Minister Baluchistan for the establishment of Training and Technical Assistance Centre at Turbat.

5.7 Details of disposal of fixed assets during the year

Property and Equipment disposed with book value of Rs. 500,000 or more:

	Note	Cost/revalued amount	Book value	Sale price	Gain/(loss)
		Rupees			
E-11/3 Building		5,242,000	4,904,059	23,985,819	(918,240)
E-11/3 Land		20,000,000	20,000,000		
Total-2021	**5.8**	**25,242,000**	**24,904,059**	**23,985,819**	**(918,240)**
Total-2020		-	-	-	-

5.8 For sale of the land and building, SPO had engaged several property dealers and the property has been sold to Mr. Abrar Ahmed, who has no relation with the Company or any of its associates.

5.9 Fair value measurement hierarchy of the assets:

	Date of valuation	Total	Quoted prices for identical assets	Significant observable inputs	Significant unobservable inputs
		Amount in Rupees			
			(Level 1)	(Level 2)	(Level 3)
Land	30 June 2021	**84,000,000**	-	**84,000,000**	-
Buildings	30 June 2021	**13,737,696**	-	**13,737,696**	-
		97,737,696	-	97,737,696	-

5.9.1 The latest revaluation of the Company's land and buildings was made on 30 June 2021 by an independent valuer resulting in net surplus of Rs. 32.3 million. Property is stated at fair value, which has been determined based on the valuation performed as at 30 June 2021 and forced sale value of the said property was Rs. 70.4 million.

5.10 If land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	Total	Land	Buildings
	Amount in Rupees		
2021			
Cost	**49,495,186**	**36,596,314**	**12,898,872**
Accumulated depreciation	**(8,235,931)**	**-**	**(8,235,931)**
Net carrying amount	**41,259,255**	**36,596,314**	**4,662,941**
2020			
Cost	68,126,683	49,262,981	18,863,702
Accumulated depreciation	(16,388,368)	-	(16,388,368)
Net carrying amount	51,738,315	49,262,981	2,475,334

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Strengthening Participatory Organization

Notes to the financial statements

For the year ended 30 June 2021

6 INVESTMENT PROPERTIES

6.1 Qualitative and quantitative disclosures

	Note	2021 Rupees	2020 Rupees
Balance as at 01 July		71,589,216	50,010,999
Addition to investment property		110,000,000	17,583,981
Disposal from investment property	6.1.1	(52,150,666)	-
Gain from fair value measurement		1,479,650	3,994,236
Balance as at 30 June		130,918,200	71,589,216

6.1.1 Investment Property disposed with book value of Rs. 500,000 or more:

	Note	Cost/revalued amount	Book value	Sale price	Gain/(loss)
		Rupees			
E-11/3 Building		10,484,000	10,484,000	50,314,186	(1,836,480)
E-11/3 Land		41,666,666	41,666,666		
Total-2021	5.8	52,150,666	52,150,666	50,314,186	(1,836,480)
Total-2020		-	-	-	-

The Company's investment property consists of properties located in Sector G-9, Islamabad and House No 339 and 340, Block D, Shah Rukh-e-Alam Colony, Multan. Management determined that the investment property consists of two classes of assets - land and building - based on the nature, characteristics and risks of the properties.

As at 30 June 2021, the fair value of the property was based on a valuation performed by Impulse (Private) Limited and Evaluation focused Consulting, accredited independent valuers. The valuations were made by the valuers using the comparative value method in accordance with the recommendations of the Pakistan Banking Association.

The forced sale value of the investment property as at 30 June 2021 amounts to Rs. 111,313,700 (2020: Rs. 60,850,834).

	Note	2021 Rupees	2020 Rupees
Rental income derived from investment property	25	2,357,500	2,084,750

The Company has no restrictions on the realizability of its investment property and no contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance and enhancements.

6.2 Fair value related disclosures

	Freehold Land	Freehold Building	Leasehold Land	Leasehold Building
Balance as at 01 July 2020	55,166,666	16,422,550	-	-
Addition of investment property	-	-	90,000,000	20,000,000
Disposal of investment property	(41,666,666)	(10,484,000)	-	-
Gain from fair value measurement	1,500,000	(370,350)	(2,500,000)	2,850,000
Balance as at 30 June 2021	15,000,000	5,568,200	87,500,000	22,850,000

6.3 Description of valuation techniques used and key inputs to valuation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognized in the Income and Expenditure Statement. The Company engaged an independent valuation expert to assess the fair value as at 30 June 2021. For the investment property, a valuation methodology based on the comparative value method was used. The key assumptions used to determine the fair value of the investment properties are as follows:

6.4 Fair Value Measurement Hierarchy

Fair value measurement hierarchy for assets as at 30 June 2021:

	Date of valuation	Total	Quoted prices for identical assets	Significant observable inputs	Significant unobservable inputs
		Amount in Rupees			
			(Level 1)	(Level 2)	(Level 3)
Land	30 June 2021	102,500,000	-	102,500,000	-
Building	30 June 2021	28,458,200	-	28,458,200	-
		130,958,200	-	130,958,200	-

	Note	2021 Rupees	2020 Rupees
7 INTANGIBLE ASSETS			
Cost			
Balance at 1 July		2,431,836	2,070,326
Additions during the year		-	361,510
		2,431,836	2,431,836
Accumulated amortization			
Balance at 1 July		(2,158,293)	(2,070,326)
Charge for the year		(120,491)	(87,967)
		(2,278,784)	(2,158,293)
Balance at the 30 June		153,052	273,543
8 LONG TERM INVESTMENTS			
Term Deposit Receipt	8.2	100,000,000	-
Interest Accrued		4,365,890	-
	8.1	104,365,890	-
8.1 Non Current Portion		100,000,000	-
Current Portion		4,365,890	-
		104,365,890	-

8.2 The TDR having maturity date of 24 July 2023 has been placed with The First Microfinance Bank Limited at a markup of 10.15% (2020: nil) per annum.

		Note	2021 Rupees	2020 Rupees
9	**ADVANCES**			
	To employees:			
	against expenses		461,284	465,272
	against salary		321,637	16,083
	Advances to implementing partners		19,014,033	-
			19,796,954	481,355
10	**DEPOSITS AND PREPAYMENTS**			
	Deposits			
	Deposits		2,253,535	2,315,019
	Prepayments			
	Rent	10.1	20,000	196,500
	Insurance		177,904	180,728
	Others		192,458	27,288
			390,362	404,516
			2,643,897	2,719,535

10.1 This represents prepaid rent for the business unit of the company situated in Quetta.

		Note	2021 Rupees	2020 Rupees
11	**TAX REFUNDS DUE FROM THE GOVERNMENT - NET**			
	Advance income tax		30,674,372	27,536,613
	Provision for taxation	11.1	(15,220,891)	(11,618,468)
	Recovered u/s 138 - tax year 2012, 2013 and 2014		17,172,865	17,172,865
			32,626,346	33,091,010
11.1	Break-up of provision for taxation:			
	- Provision for the year	26	3,602,423	-
	- Provisions related to prior periods		11,618,468	11,618,468
			15,220,891	11,618,468
12	**GRANTS RECEIVABLE**			
	Grant receivable	18.1	36,198,210	14,250,352
	Allowance for expected credit losses	12.1	(148,671)	-
	Specific provision - doubtful grant receivable	12.2	(115,360)	(2,241,978)
			35,934,179	12,008,374
12.1	**Allowance for expected credit losses**			
	Opening balance		-	2,993,176
	(Increase)/reversal in provision for expected credit losses		148,671	(2,993,176)
	Closing balance		148,671	-
12.2	**Specific provision - doubtful grant receivable**			
	Opening balance		2,241,978	-
	Amount written off against provision		(2,241,978)	-
	Charge for the year		115,360	2,241,978
	Closing balance		115,360	2,241,978

		Note	2021 Rupees	2020 Rupees
13	**OTHER RECEIVABLES**			
	Considered good			
	Receivable from employees		**131,940**	38,876
	Receivable from partner NGOs and donors	13.2	**1,336,660**	4,496,574
	Others		**2,200,997**	845,862
			3,669,597	5,381,312
	Considered doubtful			
	Receivable from previous land lord		**1,212,759**	1,212,759
			4,882,356	6,594,071
	Specific provision - doubtful other receivables	13.1	**(1,328,581)**	(2,514,595)
	Provision against expected credit losses		**(34,277)**	-
			3,519,498	4,079,476
13.1	**Specific provision - doubtful other receivables**			
	Balance as at 1 July		**2,514,595**	1,212,759
	Provision for the year	24	**1,015,822**	1,301,836
	Reversal during the year	25	**(2,201,836)**	-
	Balance as at 30 June		**1,328,581**	2,514,595

13.2 This represents receivables from different partner NGOs/ donors on account of expenses incurred on their behalf and reimbursement of extra expenditure on programme activities.

		Note	2021 Rupees	2020 Rupees
14	**SHORT-TERM INVESTMENTS**			
	Term deposit receipt (TDR)	14.1	**20,000,000**	130,000,000
	Interest accrued on TDR		**1,551,918**	190,904
	Mutual funds	14.2	**855,830**	6,432,524
			22,407,748	136,623,428

14.1 The TDR having maturity date of 24 July 2021 has been placed with The First MicroFinance Bank Limited at a markup ranging from 9.25% to 10.15% (2020: 6.7% to 11.75%) per annum.

14.2 The mutual fund investment has been made in National Bank of Pakistan Funds.

		Note	2021 Rupees	2020 Rupees
15	**CASH AND BANK BALANCES**			
	Cash			
	In hand		**20,512**	61,938
	At Banks			
	Current accounts			
	local currency		**21,510,122**	30,672,348
	foreign currency		**(16,087)**	(16,293)
			21,494,035	30,656,055
	Savings accounts			
	local currency		**7,222,002**	14,223,035
	foreign currency		**917,819**	920,746
		15.1	**8,139,821**	15,143,781
			29,654,368	45,861,774

15.1 These carry mark-up ranging between 5.25% to 6.75% (2020: 6.50% to 11.25%) per annum.

		Note	2021 Rupees	2020 Rupees
16	**NON-CURRENT ASSETS HELD FOR SALE**			-
	Property and Equipment			
	Land		**38,374,600**	-
	Building		**5,811,025**	-
		16.1	**44,185,625**	-

16.1 In March 2021, management committed to a plan to sell the land and buildings at Hyderabad. Efforts to sell the property are under way and a sale is expected within 12 months from the reporting date. The fair value measurement for the assets held for sale of Rs. 49.65 million has been categorised as a Level 2 fair value based on the inputs to the valuation technique used, as further explained in note 5.4.

		Note	2021 Rupees	2020 Rupees
17	**DEFERRED CAPITAL GRANTS**			
	Opening balance		**2,142,326**	1,458,293
	Additions during the year (at cost)		**2,424,846**	1,465,600
	Disposal during the year		**(303)**	-
	Assets transferred to PPE		**(6)**	-
			4,566,863	2,923,893
	Amortization charge for the year		**(1,096,434)**	(766,587)
	Relating to assets disposed off		-	(14,980)
			(1,096,434)	(781,567)
			3,470,429	2,142,326
18	**DEFERRED GRANTS AGAINST OPERATING ACTIVITIES**			
	Opening balance		**22,223,893**	(12,993,912)
	Grant received during the year		**367,510,252**	172,628,125
	Grant recognized in income and expenditure			
	Against expenditure incurred		**(337,066,230)**	(127,299,366)
	Against services performed		**(5,513,078)**	(2,458,835)
			(342,579,308)	(129,758,201)
	Refund to donors		-	(1,020,540)
	Receipt of amount previously written off		**(563,048)**	-
	Balances written off		**2,241,978**	-
	Payment on behalf of donor		-	(6,631,579)
	Closing balance		**48,833,767**	22,223,893
	Break-up of closing balance			
	Unspent grant	18.1	**85,031,976**	36,474,245
	Grant receivable - gross	12	**(36,198,210)**	(14,250,352)
			48,833,766	22,223,893

16.1 Movement in Grants

Donor name / project name	Opening balance at 01 July, 2020				Grants recognized in the Income and Expenditure Statement					Closing balance at 30 June, 2021	
	Unspent grants	(Grants receivable) - gross	Total unspent grants / grants receivable	Grants received	Against expenditure incurred	Against services performed	Total	Write off/(Receipt of previously written-off amount)	Closing Balance	Unspent grants	(Grants receivable) - gross
	A	B	C = A + B	D	E	F	G = E + F	H	I = C + D + G + H	J	K
Grants from local donors											
Pakistan Poverty Alleviation Fund (PPAF) - Education	670,686	-	670,686	-	-	-	-	-	670,686	670,686	-
Pakistan Poverty Alleviation Fund (PPAF) - Social Mobilization	2,440,361	-	2,440,361	-	-	-	-	-	2,440,361	2,440,361	-
Pakistan Poverty Alleviation Fund (PPAF) - Sindh Coastal Areas Development III	-	(1,092,240)	(1,092,240)	-	-	-	-	1,092,240	-	-	-
Pakistan Poverty Alleviation Fund (PPAF) - LEP	279,042	-	279,042	-	-	-	-	-	279,042	279,042	-
Sindh Education Foundation (SEF) Middle & High School Program	-	(170,891)	(170,891)	18,769,500	(16,537,460)	-	(16,537,460)	-	2,061,149	2,061,149	-
Sindh Education Foundation (SEF) Assisted School (SAS)	-	(612,150)	(612,150)	8,196,340	(10,027,522)	-	(10,027,522)	-	(2,443,332)	-	(2,443,332)
Sindh Education Foundation (SEF) Adolescent and Adult Learning and Training (AALTP)	-	(8,172,503)	(8,172,503)	3,696,000	(2,061,327)	-	(2,061,327)	-	(6,537,830)	-	(6,537,830)
Sindh Education Foundation (SEF) Partnership Contract Under Replacement Strategy of Foundation (PPRS)				6,111,000	-	-	-	-	6,111,000	6,111,000	-
Pakistan Mother Languages Literature Festival	171,413	-	171,413	-	-	-	-	-	171,413	171,413	-
Mercy Corps- tuberculosis global fund-new funding request (TGF-NFR)	335,001	-	335,001	22,628,387	(22,824,322)	-	(22,824,322)	-	139,066	139,066	-
Trust for Democratic Education and Accountability (TDEA)-UNDP Strengthening Electoral and Legislative Processes	-	(415,299)	(415,299)	299,939	-	-	-	-	(115,360)	-	(115,360)
Trust for Democratic Education and Accountability (TDEA)- CADG in Pakistan	-	(5,704)	(5,704)	-	-	-	-	5,704	-	-	-
ROZAN - Gender Sensitive Training for Justice Sector Actors	422,167	-	422,167	-	-	-	-	-	422,167	422,167	-
Colony Textile Mills	-	-	-	2,750,000	(2,530,113)	-	(2,530,113)	-	219,887	219,887	-
Dawood Hussain	12,142,200	-	12,142,200	-	(12,071,924)	-	(12,071,924)	-	70,276	70,276	-
	16,460,870	(10,468,787)	5,992,083	62,451,166	(66,052,668)	-	(66,052,668)	1,097,944	3,488,525	12,585,047	(9,096,522)
Grants from foreign donors											
The Catholic Agency For Overseas Development (CAFOD) - Enabling Resilience through Peacebuilding and Economic Development	198,863	-	198,863	-	-	-	-	-	198,863	198,863	-
The Catholic Agency For Overseas Development (CAFOD) - Research Conflict Humanitarian & Dev Program	276,131	-	276,131	-	-	-	-	-	276,131	276,131	-
UNICEF-Engaging Youth for SCR in Sindh	21	-	21	-	-	-	-	-	21	21	-
UNICEF- UN Maternal and Child Stunting Reduction Program	-	-	-	-	-	-	-	-	-	-	-
USAID small Grants	2,849	-	2,849	-	-	-	-	-	2,849	2,849	-
UNICEF-Resilient, informed and safer schools and communities project	-	(62,829)	(62,829)	-	-	-	-	62,829	-	-	-
OXFAM - Oxford Committee for Famine Relief - Novib - Citizens First	-	(115,008)	(115,008)	-	-	-	-	115,008	-	-	-
OXFAM - Oxford Committee for Famine Relief - Improved Access to Fair, Legitimate and Effective Justice	1,241,093	-	1,241,093	12,473,746	(23,635,087)	(1,080,000)	(24,715,087)	-	(11,000,249)	-	(11,000,249)
OXFAM- Oxford Committee for Famine Relief - Strategic Partnership Phase 4	240,563	-	240,563	322,485	-	-	-	(563,048)	-	-	-
Oxfam GB-Women Voice Leadership Pakistan	-	-	-	106,297,379	(82,139,087)	(1,477,040)	(83,616,127)	-	22,681,252	22,681,252	-
Oxfam Relief for Flood Affected Farmers	-	-	-	2,825,603	(3,350,639)	-	(3,350,639)	-	(525,036)	-	(525,036)
Swiss Development Corporation - Livelihood Programme Hindukush (LPH)	-	(24,358)	(24,358)	-	-	-	-	24,358	-	-	-
UNDP - Youth Employment project	-	(1,500)	(1,500)	-	-	-	-	1,500	-	-	-
Global Partnership for Education (GPE) - National Coordination for Bar Council	-	(79,058)	(79,058)	-	-	-	-	79,058	-	-	-
British High Commission (BHC) - Magna Carta	2,064,133	-	2,064,133	-	-	-	-	-	2,064,133	2,064,133	-
Water Aid Phase III	-	(53,717)	(53,717)	-	-	-	-	53,717	-	-	-
WaterAid COVID-19	1,499,318	-	1,499,318	1,460,084	(2,840,052)	(120,000)	(2,960,052)	-	(650)	-	(650)
Jhpiego Logistical Support - Maternal and Child Health Integrated Program (MCHIP)	125,375	-	125,375	-	-	-	-	-	125,375	125,375	-
Foundation Open Society Institute (FOSI) Pakistan Mother Languages Literature Festival	-	(3,593)	(3,593)	-	-	-	-	3,593	-	-	-
Development Alternatives Incorporation (DAI) Accountable Justice in Pakistan (AJPP)	29,907	-	29,907	-	-	-	-	-	29,907	29,907	-
Trocaire-Policy, Advocacy and Research on Implementation of Gender Based Violence Responsibility Phase 3	-	(606,259)	(606,259)	-	-	-	-	606,259	-	-	-
International Rescue Corporation (IRC) -Rollout of GBV emergency	335,774	-	335,774	-	-	-	-	-	335,774	335,774	-
International Rescue Corporation (IRC) -Containing the spread of COVID-19 and strengthening	-	-	-	8,248,025	(22,342,282)	(3,195)	(22,345,477)	-	(14,097,452)	-	(14,097,452)
NCA-Transforming Communities for Peaceful Co-existence-Phase II	1,693,893	-	1,693,893	-	-	-	-	-	1,693,893	1,693,893	-
NCA COVID-19	443,280	-	443,280	1,676,640	(1,809,081)	-	(1,809,081)	-	310,839	310,839	-
NCA Faith in Action for Sustainable Climate Resilience	10,974,313	-	10,974,313	38,327,069	(34,668,704)	-	(34,668,704)	-	14,632,678	14,632,678	-
EKN- Women's Increased Access to Water Resources and Agricultural Markets	-	(1,158,624)	(1,158,624)	68,934,498	(59,115,717)	(2,100,000)	(61,215,717)	-	6,560,157	6,560,157	-
British Council AWAZ II	-	-	-	8,903,513	(9,613,232)	(240,000)	(9,853,232)	-	(949,719)	-	(949,719)
Nishtar Alumni Association of North America (NANA)	-	-	-	25,141,928	(14,446,239)	-	(14,446,239)	-	10,695,689	10,695,689	-
United Nation Population Fund (UNFPA) - Strengthened capacity of public sector	-	-	-	5,775,000	(3,547,377)	(212,843)	(3,760,220)	-	2,014,780	2,014,780	-
Caritas Policy Advocacy and Research on strengthening Phase II	285,046	-	285,046	-	-	-	-	-	285,046	285,046	-
	19,410,559	(2,104,946)	17,305,613	280,385,969	(257,507,497)	(5,233,078)	(262,740,575)	383,274	35,334,281	61,907,387	(26,573,106)
Subtotal	35,871,429	(12,573,733)	23,297,696	342,837,135	(323,560,164)	(5,233,078)	(328,793,242)	1,481,218	38,822,806.28	74,492,434	(35,669,628)
Networks housed in SPO:											
Grants from local donors											
National Humanitarian Network (NHN) Membership	-	(157,534)	(157,534)	-	-	-	-	157,534	-	-	-
Grants from foreign donors											
Institute of Healthcare Improvement (IHI) Secretarial	101,935	-	101,935	-	-	-	-	-	101,935	101,935	-
AHG (National Humanitarian Network) - Cooperative for assistance and relief everywhere (CARE)	-	(56)	(56)	-	-	-	-	56	-	-	-
NHN-ADPC- APP Program Support to Countries during COVID-19	-	-	-	3,100,685	(2,522,639)	-	(2,522,639)	-	578,046	578,046	-
NHN-ADPC Phase-II	-	-	-	16,952,154	(7,313,474)	(280,000)	(7,593,474)	-	9,358,680	9,358,680	-
ActionAid - (National Humanitarian Network) - Localization of Shared Roaster for Accountable & Humanitarian Governance	15,179	-	15,179	-	-	-	-	-	15,179	15,179	-
Trocaire (National Humanitarian Network)-Strengthening FATA Coordination Mechanism	-	(40,122)	(40,122)	-	-	-	-	40,122	-	-	-
Spate Africa to Asia and back-year 2	424,244	-	424,244	-	-	-	-	-	424,244	424,244	-
Spate MetaMeta New water Rights for Basin Management and Inclusivity	-	(1,478,907)	(1,478,907)	4,620,278	(3,669,953)	-	(3,669,953)	-	(528,582)	-	(528,582)
Asian Disaster Preparedness Center (ADPC) National Humanitarian Network Strengthening Emergency Response Capacity of Local Humanitarian Actors in Asia	61,458	-	61,458	-	-	-	-	-	61,458	61,458	-
	602,816	(1,519,085)	(916,269)	24,673,117	(13,506,066)	(280,000)	(13,786,066)	40,178	10,010,960	10,539,542	(528,582)
Subtotal Networks housed in SPO	602,816	(1,676,619)	(1,073,803)	24,673,117	(13,506,066)	(280,000)	(13,786,066)	197,712	10,010,960	10,539,542	(528,582)
Total	36,474,245	(14,250,352)	22,223,893	367,510,252	(337,066,230)	(5,513,078)	(342,579,308)	1,678,930	48,833,766	85,031,976	(36,198,210)

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Donor name / project name	Opening balance at 01 July, 2019			Grants recognized in the Income and Expenditure Statement							Closing balance at 30 June, 2020	
	Unspent grants	(Grants receivable) - gross	Total unspent grants / grants receivable	Grants received	Against expenditure incurred	Against services performed	Total	Refund to donors	Payment on behalf of donor	Closing Balance	Unspent grants	(Grants receivable) - gross
	A	B	C = A + B	D	E	F	G = E + F	H	I	J = C + D + G + H + I	K	L
Grants from local donors												
Pakistan Poverty Alleviation Fund (PPAF) - Education	670,686	-	670,686	-	-	-	-	-	-	670,686	670,686	-
Pakistan Poverty Alleviation Fund (PPAF) - Social Mobilization	2,440,361	-	2,440,361	-	-	-	-	-	-	2,440,361	2,440,361	-
Pakistan Poverty Alleviation Fund (PPAF) - Sindh Coastal Areas Development III	-	(1,092,240)	(1,092,240)	-	-	-	-	-	-	(1,092,240)	-	(1,092,240)
Pakistan Poverty Alleviation Fund (PPAF) - LEP	279,042	-	279,042	-	-	-	-	-	-	279,042	279,042	-
Sindh Education Foundation (SEF) Middle & High School Program	-	(2,064,495)	(2,064,495)	17,593,800	(15,700,196)	-	(15,700,196)	-	-	(170,891)	-	(170,891)
Sindh Education Foundation (SEF) Assisted School (SAS)	-	(993,645)	(993,645)	6,943,690	(6,562,195)	-	(6,562,195)	-	-	(612,150)	-	(612,150)
Sindh Education Foundation (SEF) Adolescent and Adult Learning and Training (AALTP)	-	(7,539,198)	(7,539,198)	3,847,523	(4,480,828)	-	(4,480,828)	-	-	(8,172,503)	-	(8,172,503)
Pakistan Mother Languages Literature Festival	171,413	-	171,413	-	-	-	-	-	-	171,413	171,413	-
Mercy Corps-TGF-NFR	-	(2,087,484)	(2,087,484)	20,913,363	(18,490,878)	-	(18,490,878)	-	-	335,001	335,001	-
Trust for Democratic Education and Accountability (TDEA)-UNDP Strengthening Electoral and Legislative Processes	-	(733,247)	(733,247)	13,255,931	(12,680,150)	(257,833)	(12,937,983)	-	-	(415,299)	-	(415,299)
Trust for Democratic Education and Accountability (TDEA) - Citizen Voice Project	-	(921,652)	(921,652)	3,720,378	(2,317,997)	(480,729)	(2,798,726)	-	-	-	-	-
Trust for Democratic Education and Accountability (TDEA)- CADG in Pakistan	-	(5,704)	(5,704)	-	-	-	-	-	-	(5,704)	-	(5,704)
ROZAN - Gender Sensitive Training for Justice Sector Actors	222,167	-	222,167	200,000	-	-	-	-	-	422,167	422,167	-
Dawood Hussain	-	-	-	12,158,000	(15,800)	-	(15,800)	-	-	12,142,200	12,142,200	-
	3,783,669	(15,437,665)	(11,653,996)	78,632,685	(60,248,044)	(738,562)	(60,986,606)	-	-	5,992,083	16,460,870	(10,468,787)
Grants from foreign donors												
The Catholic Agency For Overseas Development (CAFOD) - Enabling Resilience through Peacebuilding and Economic Development	198,863	-	198,863	-	-	-	-	-	-	198,863	198,863	-
The Catholic Agency For Overseas Development (CAFOD) - Research Conflict Humanitarian & Dev Program	276,131	-	276,131	-	-	-	-	-	-	276,131	276,131	-
UNICEF-Engaging Youth for SCR in Sindh	21	-	21	-	-	-	-	-	-	21	21	-
UNICEF- UN Maternal and Child Stunting Reduction Program	1,785,222	-	1,785,222	5,267,780	-	(421,423)	(421,423)	-	(6,631,579)	-	-	-
USAID small Grants	2,849	-	2,849	-	-	-	-	-	-	2,849	2,849	-
UNICEF-Resilient, informed and safer schools and communities project	-	(62,829)	(62,829)	-	-	-	-	-	-	(62,829)	-	(62,829)
OXFAM - Oxford Committee for Famine Relief - Novib - Citizens First	-	(115,008)	(115,008)	-	-	-	-	-	-	(115,008)	-	(115,008)
OXFAM - Oxford Committee for Famine Relief - Improved Access to Fair, Legitimate and Effective Justice	-	(3,322,567)	(3,322,567)	4,563,660	-	-	-	-	-	1,241,093	1,241,093	-
OXFAM- Oxford Committee for Famine Relief - Strategic Partnership Phase 4	-	(3,237,304)	(3,237,304)	3,477,867	-	-	-	-	-	240,563	240,563	-
Swiss Development Corporation - Livelihood Programme Hindukush (LPH)	-	(24,358)	(24,358)	-	-	-	-	-	-	(24,358)	-	(24,358)
UNDP - Youth Employment project	-	(1,500)	(1,500)	-	-	-	-	-	-	(1,500)	-	(1,500)
Global Partnership for Education (GPE) - National Coordination for Bar Council	-	(79,058)	(79,058)	-	-	-	-	-	-	(79,058)	-	(79,058)
British High Commission (BHC) - Magna Carta	2,064,133	-	2,064,133	-	-	-	-	-	-	2,064,133	2,064,133	-
Water Aid Phase III	1,073,466	-	1,073,466	5,128,277	(6,021,460)	(234,000)	(6,255,460)	-	-	(53,717)	-	(53,717)
WaterAid COVID-19	-	-	-	4,354,000	(2,854,682)	-	(2,854,682)	-	-	1,499,318	1,499,318	-
Jhpiego Logistical Support - Maternal and Child Health Integrated Program (MCHIP)	125,375	-	125,375	-	-	-	-	-	-	125,375	125,375	-
Foundation Open Society Institute (FOSI) Pakistan Mother Languages Literature Festival	-	(3,593)	(3,593)	-	-	-	-	-	-	(3,593)	-	(3,593)
Development Alternatives Incorporation (DAI) Accountable Justice in Pakistan (AJPP)	29,907	-	29,907	-	-	-	-	-	-	29,907	29,907	-
Trocaire-Policy, Advocacy and Research on Implementation of Gender Based Violence Responsibility Phase 3	-	(606,259)	(606,259)	-	-	-	-	-	-	(606,259)	-	(606,259)
International Rescue Corporation (IRC) -Rollout of GBV emergency	347,900	-	347,900	773,672	(777,573)	(8,225)	(785,798)	-	-	335,774	335,774	-
NCA-Transforming Communities for Peaceful Co-existence-Phase II	1,211,793	-	1,211,793	17,853,103	(17,371,003)	-	(17,371,003)	-	-	1,693,893	1,693,893	-
NCA Promotion of Social Well-being of Sanitary Workers (PSWSW) in Sindh	-	-	-	8,814,306	(8,814,306)	-	(8,814,306)	-	-	-	-	-
NCA COVID-19	-	-	-	2,634,232	(2,190,952)	-	(2,190,952)	-	-	443,280	443,280	-
NCA Faith in Action for Sustainable Climate Resilience	-	-	-	12,795,910	(1,821,597)	-	(1,821,597)	-	-	10,974,313	10,974,313	-
EKN- Women's Increased Access to Water Resources and Agricultural Markets	-	-	-	9,971,509	(10,290,133)	(840,000)	(11,130,133)	-	-	(1,158,624)	-	(1,158,624)
Caritas Policy Advocacy and Research on strengthening Phase II	-	(1,345,549)	(1,345,549)	14,157,237	(11,391,477)	(114,625)	(11,506,102)	(1,020,540)	-	285,046	285,046	-
	7,115,660	(8,798,025)	(1,682,365)	89,791,553	(61,533,183)	(1,618,273)	(63,151,456)	(1,020,540)	(6,631,579)	17,305,613	19,410,559	(2,104,946)
Subtotal	10,899,329	(24,235,690)	(13,336,361)	168,424,238	(121,781,227)	(2,356,835)	(124,138,062)	(1,020,540)	(6,631,579)	23,297,696	35,871,429	(12,573,733)
Networks housed in SPO:												
Grants from local donors												
National Humanitarian Network (NHN) Membership	-	(157,534)	(157,534)	-	-	-	-	-	-	(157,534)		(157,534)
Grants from foreign donors												
Institute of Healthcare Improvement (IHI) Secretariat	101,935	-	101,935	-	-	-	-	-	-	101,935	101,935	-
AHG (National Humanitarian Network) - Cooperative for assistance and relief everywhere (CARE)	-	(56)	(56)	-	-	-	-	-	-	(56)	-	(56)
ActionAid - (National Humanitarian Network) - Localization of Shared Roaster for Accountable & Humanitarian Governance	15,179	-	15,179	-	-	-	-	-	-	15,179	15,179	-
Trocaire (National Humanitarian Network)-Strengthening FATA Coordination Mechanism	-	(40,122)	(40,122)	-	-	-	-	-	-	(40,122)	-	(40,122)
Spate Africa to Asia and back-year 2	424,244	-	424,244	-	-	-	-	-	-	424,244	424,244	-
Spate MetaMeta New water Rights for Basin Management and Inclusivity	-	-	-	1,681,630	(3,100,537)	(60,000)	(3,160,537)	-	-	(1,478,907)	-	(1,478,907)
Asian Disaster Preparedness Center (ADPC) National Humanitarian Network Strengthening Emergency Response Capacity of Local Humanitarian Actors in Asia	-	(1,197)	(1,197)	2,522,257	(2,417,602)	(42,000)	(2,459,602)	-	-	61,458	61,458	-
	541,358	(41,375)	499,983	4,203,887	(5,518,139)	(102,000)	(5,620,139)	-	-	(916,269)	602,816	(1,519,085)
Subtotal Networks housed in SPO	541,358	(198,909)	342,449	4,203,887	(5,518,139)	(102,000)	(5,620,139)	-	-	(1,073,803)	602,816	(1,676,619)
Total	11,440,687	(24,434,599)	(12,993,912)	172,628,125	(127,299,366)	(2,458,835)	(129,758,201)	(1,020,540)	(6,631,579)	22,223,893	36,474,245	(14,250,352)

		Note	2021 Rupees	2020 Rupees
19	**ACCRUED AND OTHER LIABILITIES**			
	Accrued liabilities		**2,621,685**	1,221,721
	Other liabilities			
	Payable to suppliers		**6,950,292**	5,393,366
	Payable to staff		**1,173,057**	678,759
	Sales tax withheld		**620,395**	598,947
	Security deposits	19.1	**660,000**	240,000
	Income tax withheld		**382,344**	153,279
	Payable to employees' provident fund		**161,003**	200,683
	Earnest money payable		**1,000,000**	-
	Others		**150,530**	10,535
			11,097,621	7,275,569
			13,719,306	8,497,290

19.1 No amount has been kept in separate bank account(s) for the repayment of the deposits.

20 CONTINGENCIES AND COMMITMENTS

20.1 In respect of Tax Year 2011, the assessing officer raised a demand of Rs. 3.06 million under section 161 for failure to pay tax collected or deducted. The Company filed an appeal before Commissioner (Appeals) who remanded the order on 12 August 2021 for re-assessment. The Company, on the advice of its tax advisor, has recognized an amount of Rs. 65,077 as a provision in this respect.

20.2 In respect of Tax Year 2017, the assessing officer raised a demand of Rs. 3,049,426 under section 122(5A) which was confirmed by Commissioner Appeals. The Company has filed an appeal before Appellate Tribunal.

20.3 In respect of Tax Year 2019, the assessing officer raised a demand of Rs. 2,406,100 under section 122(5A). The Company has filed an appeal before Commissioner (Appeals).

20.4 On the basis of opinion of its tax advisor, the management is confident of a favourable outcome and hence no provision has been recognized for these matters in these financial statements.

20.5 There were no commitments as at the reporting date.

		Note	2021 Rupees	2020 Rupees
21	**GRANT INCOME**			
	Programme expenditure	21.1	**342,579,309**	129,758,201
	Amortization of deferred capital grants	17	**1,096,434**	781,567
			343,675,743	130,539,768

KPMG

		2021 Rupees	2020 Rupees
21.1	**GRANT INCOME AGAINST PROGRAMME EXPENDITURE**		
	Sindh Education Foundation	28,626,309	26,743,219
	Mercy Corps- tuberculosis global fund-new funding request (TGF-NFR)	22,824,322	18,490,878
	NCA-Transforming Communities for Peaceful Co-existence-Phase II	-	17,371,003
	TDEA-UNDP Strengthening Electoral and Legislative Processes	-	12,937,983
	Caritas Policy Advocacy and Research on strengthening Phase II	-	11,506,102
	EKN- Women's Increased Access to Water Resources and Agricultural Markets	61,215,717	11,130,133
	NCA Promotion of Social Well-being of Sanitary Workers (PSWSW) in Sindh	-	8,814,306
	Water Aid Phase III	-	6,255,460
	Trust for Democratic Education and Accountability(TDEA)-Citizen Voice Project	-	2,798,726
	WaterAid COVID-19	2,960,052	2,854,682
	Norwegian Church Aid (NCA) COVID-19	1,809,081	2,190,952
	Norwegian Church Aid (NCA) Faith in Action for Sustainable Climate Resilience	34,668,704	1,821,597
	International Rescue Corporation (IRC) -Rollout of GBV emergency	-	785,798
	United Nations Children's Fund (UNICEF)- UN Maternal and Child Stunting Reduction Program	-	421,423
	Dawood Hussain	12,071,924	15,800
	OXFAM - Improved Access to Fair, Legitimate and Effective Justice	24,715,087	-
	Colony Textile Mills	2,530,113	-
	Oxfam Relief for Flood Affected Farmers	3,350,639	-
	International Rescue Corporation - Containing the spread of COVID-19 and strengthening	22,345,477	-
	British Council AWAZ II	9,853,232	-
	Nishtar Alumni Association of North America	14,446,239	-
	United Nation Population Fund (UNFPA) - Strengthened capacity of public sector	3,760,220	-
	Oxfam GB-Women Voice Leadership Pakistan	83,616,127	-
		328,793,243	124,138,062
	Networks housed in SPO:		
	Spate MetaMeta New water Rights for Basin Management and Inclusivity	3,669,953	3,160,537
	NHN-ADPC- APP Program Support to Countries during COVID-19	10,116,113	-
	ADPC-NHN Strengthening Emergency Response Capacity of Local Actors	-	2,459,602
		13,786,066	5,620,139
		342,579,309	129,758,201
21.2	Local grant	66,052,668	60,986,606
	Foreign grant	276,526,641	68,771,595
		342,579,309	129,758,201

22	PROGRAMME EXPENSES	Note	2021 Rupees	2020 Rupees
	Salaries and benefits	22.1	**131,419,366**	81,570,530
	Training and development		**34,751,186**	33,416,316
	Traveling and conveyance		**14,436,261**	12,252,392
	Resource materials and publications		**8,864,710**	11,153,575
	Office rent		**8,538,855**	9,326,246
	Vehicle running and maintenance		**11,879,288**	7,768,498
	Procurement expense		**32,788,356**	5,175,247
	Maintenance and renovation		**2,335,992**	2,186,963
	Office supplies		**3,764,243**	2,011,990
	Miscellaneous expenses		**200,000**	500,000
	Program planning and review		**-**	3,000
			248,978,257	165,364,757
	Programme expenses incurred out of :			
	restricted funds		**228,071,694**	122,689,934
	unrestricted funds		**20,906,563**	42,674,823
			248,978,257	165,364,757

22.1 Provident fund contributions made during the year and included in salaries and benefits, amount to Rs. 5,297,750 (2020: Rs. 3,697,653).

23	GRANTS TO COMMUNITY BASED ORGANIZATIONS (CBOs) / OTHERS	Note	2021 Rupees	2020 Rupees
	Material supplies	23.1	**1,665,180**	1,840,809
	Network secretarial support		**-**	255,645
	Food items and commodities		**1,510,346**	304,760
	Cash grants to communities		**26,670,236**	-
	Grant/support to partner organizations		**75,935,691**	209,050
		23.2	**105,781,453**	2,610,264

23.1 This represents costs incurred for provision of hygiene kits and construction of toilets under

23.2 This includes an expense of nil balance (2020: Rs. 3,000) out of unrestricted funds.

24	ADMINISTRATIVE EXPENSES	Note	2021 Rupees	2020 Rupees
	Utilities		**2,912,258**	3,095,092
	Depreciation	5	**2,616,454**	2,843,405
	Specific provision - doubtful grant receivable	12.2	**115,360**	2,241,978
	Telephone and postage		**3,811,632**	1,886,156
	Provision against doubtful other receivables	13.1	**1,015,822**	1,301,836
	Repairs and maintenance		**1,462,301**	1,142,864
	Office security		**703,535**	868,375
	Legal and professional charges		**609,285**	915,570
	Auditors' remuneration	24.2	**1,287,072**	882,950
	Bank charges		**135,196**	224,797
	Amortization	7	**120,491**	87,967
	Training expenses		**3,445,005**	108,852
	Other receivables written off		**7,056**	-
	Other expenses		**120,000**	
		24.1	**18,361,467**	15,599,842

		Note	2021 Rupees	2020 Rupees
24.1	Administrative expenses incurred out of :			
	restricted funds		**8,721,449**	4,569,855
	unrestricted funds		**9,524,658**	11,029,987
			18,246,107	15,599,842
24.2	Audit fee of statutory financial statements		**1,000,000**	784,750
	Out of pocket expenses		**-**	83,200
	Prior year		**223,272**	15,000
	Tax services		**63,800**	-
			1,287,072	882,950

25 OTHER INCOME

	Note	2021 Rupees	2020 Rupees
Income from financial assets			
Return on investment in term deposit receipt	14.1	**11,364,167**	13,962,366
Return on saving accounts	15.1	**2,841,806**	3,245,712
Gain on revaluation of mutual funds		**1,088**	1,675
Dividend from investment in mutual fund	14.2	**387,631**	537,414
		14,594,692	17,747,167
Income from non-financial assets			
Loss on disposal of investment property		**(1,836,480)**	-
Fair value gain on investment property	6.1	**1,479,650**	3,994,236
Rental income		**2,357,500**	2,084,750
Gain on sale of property and equipment		**6,088,551**	1,203,724
Miscellaneous income		**597,301**	19,302
Vehicle rental income		**25,424**	6,155
Reversal of specific provision - other receivables	13.1	**2,201,836**	-
Exchange loss		**(2,721)**	(37,566)
		10,911,061	7,270,601
Others			
Income from training units		**2,746,906**	199,510
		28,252,659	25,217,278

26 TAXATION

	Note	2021 Rupees	2020 Rupees
Current year	26.1	**224,772**	-
Prior years		**3,377,651**	-
		3,602,423	-

26.1 This represents the provision for taxation against taxable income arising from activities outside the ambit of the tax credits provided under section 100C to the Income Tax Ordinance, 2001, as applicable to charitable organizations.

26.2 The tax returns of the Company up to and including Tax Year 2020 stand filed. The Company has been granted approval under section 2(36) of the Income Tax Ordinance, 2001 for Tax Year 2021 to 2023 subject to submission of PCP Evaluation Report by 30 June 2022.

27 CASH AND CASH EQUIVALENTS

	Note	2021 Rupees	2020 Rupees
Short-term investments	14	**21,551,918**	130,190,904
Cash and bank balances	15	**29,654,368**	45,861,774
		51,206,286	176,052,678

28	SPO RECEIPTS - UNRESTRICTED FUND	Note	2021 Rupees	2020 Rupees
	Opening balance		154,267,762	176,973,752
	Income for the year		25,480,329	25,011,613
	Amortisation of deferred grant	17	1,096,434	781,567
	Amortisation of revaluation surplus on property		209,859	313,859
	Transfer from revaluation surplus on disposal		9,941,225	-
	Services charged against projects		1,929,883	1,135,485
	Increase in provision for expected credit losses	12 & 13	(182,948)	-
	Expenditure incurred		(31,695,197)	(49,948,514)
	Taxation		(3,602,423)	-
	Net surplus/(deficit)		3,177,162	(22,705,990)
	Closing balance		157,444,924	154,267,762

29	SPO TRAINING UNITS - UNRESTRICTED FUND			
	Opening balance		77,427,199	77,336,541
	Income for the year	25	2,746,906	199,510
	Expenditure incurred		(1,518,595)	(108,852)
	Net surplus		1,228,311	90,658
	Closing balance		78,655,510	77,427,199

30	VEHICLE RESERVE FUND - UNRESTRICTED FUND			
	Opening balance		72,613,228	74,508,678
	Income for the year	25	25,424	6,155
	Services charged against projects		3,580,000	1,323,350
	Expenditure incurred		(2,837,958)	(3,224,955)
	Net surplus/(deficit)		767,466	(1,895,450)
	Closing balance		73,380,694	72,613,228

31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 Financial assets and financial liabilities

i)	Financial assets	Note	2021 Rupees	2020 Rupees
	Grant receivable	12	36,198,210	14,250,352
	Interest accrued	8.1 & 14	5,917,808	190,904
	Other receivables	13	3,537,657	5,342,436
			45,653,675	19,783,692
	Short term investments	14	22,407,748	136,432,524
	Long term investments	8	104,365,890	-
	Bank balances	15	29,633,856	45,799,836
			156,407,494	182,232,360
			202,061,169	202,016,052
ii)	Financial liabilities			
	Accrued and other liabilities	19	12,056,567	5,403,901

31.2 Financial risk management

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

- credit risk
- liquidity risk
- market risk

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect the changes in conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews and agrees policies for managing each of the above risks which are summarized below:

31.3 Concentration of credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument

The Company's credit risk is primarily attributable to its grant receivable against operating activities, deposits, other receivables, investments and balances with banks. The credit risk on balances with banks is very minimal. The Company attempts to control credit risk by keeping track of its expenditure in respect of various projects and obtaining advance funding for project activity from the donor. The Company is not materially exposed to credit risk.

The Company establishes an allowance for impairment that represents its estimates of expected credit losses in respect of grants and other receivables.

31.4 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was against:

	Note	**2021**	2020
		Rupees	Rupees
Grants receivable	**12**	**36,198,210**	14,250,352
Interest accrued	**8.1 & 14**	**5,917,808**	190,904
Other receivables	**13**	**3,537,657**	5,342,436
Short term investments	**14**	**22,407,748**	136,432,524
Bank balances	**15**	**29,633,856**	45,799,836
		97,695,279	202,016,052

The credit quality of cash and bank balances and short term investments that are neither past due nor impaired, can be assessed by reference to external credit ratings.

31.4.1 Quality of Financial assets

Short term investments and bank balances

Being the low risk instruments, the Company has assessed an allowance based on 12 month ECL. Based upon below mentioned high external credit rating, no ECL has been recognized against short term investments and bank balances.

	Long term rating	Short term rating	Rating agency	Rupees
Long term investments				
The First MicroFinance Bank Limited	A+	A1	JCR	**100,000,000**
Short term investments				
The First MicroFinance Bank Limited	A+	A1	JCR	**21,551,918**
National Bank of Pakistan Funds	AM1	-	JCR	**855,830**
				22,407,748
Savings accounts				
Standard Chartered Bank Limited	AAA	A1+	PACRA	**1,799,096**
United Bank Limited	AAA	A1+	JCR	**2,630,192**
Allied Bank Limited	AAA	A1+	PACRA	**2,444,616**
Habib Bank Limited	AAA	A1+	JCR	**920,746**
Silk Bank Limited	A-	A2	JCR	**216,391**
				8,011,041
				129,562,959

31.4.2 Grant receivable and other receivables

The credit quality of grant receivables can be assessed by reference to the default history of donors. The Company has assessed an allowance based on life time ECL, using the loss rate approach based upon reasonable and supportable information that is available, without undue cost and effort at the reporting date, about past events, current conditions and forecast of future economic conditions that are relevant to the estimates of ECLs. Based upon the loss rate, ECL relating to grant receivable has not been recognized as the amount is not material.

An analysis of the corresponding ECL is, as follows:

	Stage 1	Stage 2	Stage 3	Total
	------------- Amount in Rupees -------------			
As at 01 July 2020	-	-	-	-
For the year	182,948	-	-	**182,948**
As at 30 June 2021	**182,948**	-	-	**182,948**

31.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates.

	Note	2021 Rupees	2020 Rupees
Accrued and other liabilities			
Within one year	19	**12,056,567**	5,403,901
Between one and five years		**-**	-
		12,056,567	5,403,901

31.6 Market risk

Market risk, is the risk that results from changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to any significant market risks from its operating activities.

a) Interest rate risk

The Company's interest bearing instruments consist of investments in TDRs and balances in savings accounts, amounting to Rs. 120,000,000 (2020: Rs. 130,000,000) and Rs. 8,011,041 (2020: Rs. 15,143,781). Applicable interest rates for (i) the investment in TDR's is ranging from 9.25% to 10.15% (2020: 6.7% to 11.75%) and (ii) balances in saving accounts range from 5.25% to 6.75% (2020: 6% to 11.25%) per annum. However, these carry fixed interest rates and, therefore, are not exposed to interest rate risk.

b) Currency risk

The Company's financial assets amounting to Rs. 901,732 (2020: Rs. 904,453) are exposed to foreign exchange rate risk.

Foreign currency sensitivity

Management runs a sensitivity analysis (what-if analysis) in case the EURO, GBP and USD currencies appreciate versus the functional currency by 10%.

A 10% depreciation of the EURO, GBP and USD versus the functional currency, would have reduced the deficit for the year by Rs. 90,173 (2020: Rs. 92,439) and vice versa.

The following significant exchange rates applied during the year:

	Average rate during the year	Spot rate on reporting date
2021		
USD	**163.15**	**157.80**
GBP	**213.15**	**218.58**
EURO	**188.78**	**188.12**
2020		
USD	158.34	168.50
GBP	199.52	207.72
EURO	175.15	189.43

c) Determination of fair values

The carrying values of financial instruments approximate their fair values. The fair values of these financial instruments are determined as the present value of future cash flows, discounted at market rates of interest at the reporting date. The fair value of financial assets is determined for disclosure purposes only.

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31.7 Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their

	Carrying amount			Fair value		
	Rupees					
	FVTPL	Amortized Cost	FVTOCI	Level 1	Level 2	Total
30 June 2021						
Financial assets not measured at fair value						
Grants receivable	-	36,198,210	-	-	-	-
Interest accrued	-	1,551,918	-	-	-	-
Other receivables	-	3,537,657	-	-	-	-
Short term investments	-	21,551,918	-	-	-	-
Bank balances	-	29,633,856	-	-	-	-
Financial assets measured at fair value						
Short term investments	855,830	-	-	855,830	-	855,830
	855,830	92,473,559	-	855,830	-	855,830
Financial liabilities not measured at fair value						
Accrued and other liabilities	-	12,056,567	-	-	-	-
	-	12,056,567	-	-	-	-
30 June 2020						
Financial assets not measured at fair value						
Grants receivable	-	14,250,352	-	-	-	-
Interest accrued	-	190,904	-	-	-	-
Other receivables	-	5,342,436	-	-	-	-
Short term investments	-	130,000,000	-	-	-	-
Bank balances	-	45,799,836	-	-	-	-
Financial assets measured at fair value						
Short term investments	6,432,524	-	-	6,432,524	-	6,432,524
	6,432,524	195,583,528	-	6,432,524	-	6,432,524
Financial liabilities not measured at fair value						
Accrued and other liabilities	-	5,403,901	-	-	-	-
	-	5,403,901	-	-	-	-

The table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes has occurred.

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32 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so it can achieve its primary objectives, provide benefits for other stakeholders and maintain a strong capital base to support the sustained development of its business, in line with the objects of the Company.

33 NUMBER OF EMPLOYEES

	2021	2020
	----Number----	
As on the reporting date	**128**	74
Average number of employees during the year	**101**	74

34 RELATED PARTY DISCLOSURES

The related parties of the Company comprise of key management personnel (comprising of the Chief Executive Officer and Directors) and the Company's Employees' Provident Fund. The remuneration of the Chief Executive Officer has been disclosed in note 35 to the financial statements. Other related party balances and transactions, not disclosed elsewhere, are as follows:

Transactions with provident fund	**2021 Rupees**	2020 Rupees
Contribution paid to employees' provident fund	**5,297,750**	3,697,653
Payable to employees' provident fund	**161,003**	200,683

35 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer		**Executives**	
	2021 Rupees	2020 Rupees	**2021 Rupees**	2020 Rupees
Managerial remuneration	**7,030,800**	2,041,400	**21,744,026**	15,450,281
Provident fund and others	**703,080**	205,760	**1,589,770**	1,507,148
Special allowance	**180,000**	78,000	**1,177,000**	1,046,286
	7,913,880	2,325,160	**24,510,796**	18,003,715
Number of persons	**1**	1	**12**	11

35.1 The Directors of the Company were not paid any managerial remuneration or allowance in the current or prior period.

36 PROVIDENT FUND TRUST

The Company maintains a separate, approved contributory provident fund for all employees. All the investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and rules formulated thereof.

37 GENERAL

Figures have been rounded off to the nearest Rupee.

39 IMPACT OF COVID 19

During the year ended 30 June 2021, second and third wave/ resurgence of Coronavirus (Covid-19) was encountered across the Country. Management's focus and efforts continued for coping up with the changing scenario at all levels. The Company's operations financial position and results have not been affected by Covid-19 during the year. Based on management's assessment, there is no material impact on the carrying values of assets and liabilities as of 30 June 2021. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the operations and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

40 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 21-Nov-2021 by the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

DIRECTOR