STRENGTHENING PARTICIPATORY ORGANIZATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2022

BDO

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRENGTHENING PARTICIPATORY ORGANISATION

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 June 30, 2022 and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in the general 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 the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in the general fund and the statement of cash flows together with the notes forming part thereof confirm 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 June 30, 2022 and of the surplus, the comprehensive income, the changes in the general 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 Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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, statement of income and expenditure, the statement of comprehensive income, the statement of changes in general 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).

Other Matter

The financial statements of the Company's for the year ended June 30, 2021 were audited by another firm of Chartered Accountants, who had expressed an unqualified opinion vide their report dated December 16, 2021.

The engagement partner on the audit resulting in this independent auditors' report is Iffat Hussain.

ISLAMABAD

DATED: November 21, 2022
UDIN: AR202210094QNdzAFfpX

Bdo ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STRENGTHENING PARTICIPATORY ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	220,744,101	100,796,206
Investment property	6	21,217,725	130,918,200
Intangible assets	7	32,561	153,052
Long-term deposit	8	-	104,365,890
		241,994,387	336,233,348
CURRENT ASSETS			
Advances	9	1,024,645	19,796,954
Deposits and short-term prepayments	10	5,533,932	2,643,897
Tax refunds due from the government	11	34,269,540	32,626,346
Grants receivable	12	56,682,893	35,934,179
Other receivables	13	32,644,886	3,519,498
Short-term investments	14	157,278,989	22,407,748
Cash and bank balances	15	38,646,623	29,654,368
Non current assets held for sale	16	-	44,185,625
		326,081,508	190,768,615
TOTAL ASSETS		568,075,895	527,001,963
FUNDS, RESERVE AND LIABILITIES			
FUNDS AND RESERVE			
Unrestricted funds		361,564,944	309,481,128
Revaluation reserve		80,108,412	115,299,124
		441,673,356	424,780,251
NON-CURRENT LIABILITIES			
Deferred capital grant	17	7,579,567	3,470,430
Deferred grant against operating activities	18	89,495,908	85,031,976
		97,075,476	88,502,406
CURRENT LIABILITIES			
Accrued and other liabilities	19	29,327,063	13,719,306
TOTAL FUNDS, RESERVE AND LIABILITIES		568,075,895	527,001,963
CONTIGENCIES AND COMMITMENTS	20	-	-

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STRENGTHENING PARTICIPATORY ORGANIZATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Grants	21	546,166,541	343,675,743
EXPENDITURE			
Programme activities:			
Programme expenses	22	(376,664,712)	(248,978,257)
Grants to Community Based Organizations (CBOs)/Others	23	(184,222,721)	(105,781,453)
		(560,887,433)	(354,759,710)
Administrative expenses	24	(20,263,644)	(18,361,467)
Allowance for expected credit loss		-	(182,948)
Other operating income	25	51,876,634	28,252,659
Surplus/ (deficit) for the year		16,892,097	(1,375,723)
Taxation	26	-	(3,602,423)
Net surplus/ (deficit) for the year		16,892,097	(4,978,146)

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STRENGTHENING PARTICIPATORY ORGANIZATION
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Surplus / (deficit) for the year	16,892,097	(4,978,146)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	16,892,097	(4,978,146)

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STRENGTHENING PARTICIPATORY ORGANIZATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	SPO receipts	SPO training units	Vehicle reserve fund	Sub total funds	Revaluation reserve	Total
Balance as at July 01, 2020	154,267,762	77,427,199	72,613,228	304,308,189	93,149,072	397,457,261
Net (deficit) / surplus for the year	(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	9,941,225	-	-	9,941,225	(9,941,225)	-
	10,151,084	-	-	10,151,084	(10,151,084)	-
Revaluation surplus for the year	-	-	-	-	32,301,137	32,301,137
Balance as at June 30, 2021	157,444,924	78,655,510	73,380,694	309,481,128	115,299,124	424,780,252
Net surplus for the year	15,195,221	744,387	952,488	16,892,096	-	16,892,096
Transferred to unrestricted funds						
- on account of inter region adjustments	1,008	-	-	1,008	-	1,008
- on account of incremental depreciation	35,190,712	-	-	35,190,712	(35,190,712)	-
	35,191,720	-	-	35,191,720	(35,190,712)	1,008
Balance as at June 30, 2022	207,831,865	79,399,897	74,333,182	361,564,944	80,108,412	441,673,356

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STRENGTHENING PARTICIPATORY ORGANIZATION
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit before working capital changes	31	(570,052,359)	(363,435,089)
Working capital Changes:			
Advances		18,772,309	(19,315,599)
Deposits and prepayments		(2,890,035)	75,638
Other receivables		(29,125,388)	1,704,659
Accrued and other liabilities		15,607,757	5,404,094
		2,364,643	(12,131,208)
Net cash used in operations		(567,687,716)	(375,566,297)
Advance tax paid		(1,643,195)	(3,137,759)
Grants received		542,440,617	367,510,232
Amount refunded to donors		(7,402,271)	-
Net cash used in operating activities		(34,292,565)	(11,193,804)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(123,379,803)	-
Purchase of investment property		-	(110,000,000)
Proceeds from sale of property and equipment		67,049,160	30,136,631
Proceeds from sale of investment property		115,261,000	50,314,186
Proceeds from sale of long term deposit		100,000,000	-
Investment in term deposit receipt		(933,290)	(100,000,000)
Purchase of mutual fund units		-	(329,486)
Redemption of mutual fund units		-	6,000,000
Income received from rent		4,976,400	-
Return on term deposit receipts		10,391,164	6,998,277
Return on saving accounts		4,624,096	2,841,806
Return on mutual funds		77,460	388,719
Net cash generated from / (used in) investing activities		178,066,187	(113,649,867)
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net increase / (decrease) in cash and cash equivalents		143,773,623	(124,843,671)
Cash and cash equivalent at the beginning of the year		51,206,286	176,052,678
Effect of exchange rate changes		12,413	(2,721)
Cash and cash equivalent at the end of year	27	194,992,322	51,206,286

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STRENGTHENING PARTICIPATORY ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2022

1 THE COMPANY AND ITS OPERATIONS

1.1 Legal status and operations

Strengthening Participatory Organization (SPO or "the Company"), was incorporated as a company limited by guarantee in Pakistan under section 42 of the repealed Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) on January 15, 1994, having its registered office in Islamabad. It is 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 and peace and social harmony. In addition, SPO has a component of humanitarian response that deals with disasters and emergency situation.

1.2 Geographical location and addresses of business units

Locations:	**Purpose**
- **Islamabad**	
The registered office of the Company is situated at Building No 1B Street 26 G-9/1 Islamabad, Islamabad.	Head Office
- **Multan**	
House no. 339 & 340, Block D, Shah Rukn-e-Alam Colony, Multan.	Regional Office
- **Lahore**	
House No. 594, Block B Faisal Town, Moon Market Lahore	Regional Office
- **Quetta**	
House no. 58-A ,Near Pak Japan Cultural Center, Jinnah Town, Quetta	Regional Office
- **Hyderabad**	
Plot no. 158/2, Alamdar Chowk, Grid Station Qasimabad, Hyderabad	Regional Office
- **Karachi**	
G-22, B/2 Park Lane 5, Clifton, Karachi	Regional Office
- **Turbat**	
Pasni Road, Turbat	Regional Office
- **Peshawar**	
2nd Floor, Al-Koat Tower, Opposite FAW Showroom Peshawar, Near Sarhad University, Ring Road, Peshawar	Regional Office
- **Shikarpur**	
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 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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 Standards 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; and

- 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 Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under historical cost convention and have been prepared on accrual basis of accounting except for freehold land and building, which have been measured at revalued amounts and cash flow statement .

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 4.1

2.3 Functional and presentation currency

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

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmarch Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendmends to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendmends to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendmends to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

	Effective date (annual periods beginning on or after)
Amendmends to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendmends to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial

IFRS 17 Insurance Contracts

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 4.16 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 June 30, 2022 was Rs. 215.833 million (2021: Rs. 100.796 million).

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

(iii) Revaluation of property

The Company engaged an independent valuation specialist to assess the fair value of property as at June 30, 2021. Property was valued by reference to fair value method.

(iv) 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 June 30, 2022 amounted to 21.217 Rs. million (2021: Rs.130.921 million).

(v) 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.

(vi) 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. 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 surplus, 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 Position.

4.10.3 Deferred capital grant

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 grant

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 retained.

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 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.

4.13 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.

4.14 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 incremental borrowing rate.

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.

4.15 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 these are no longer depreciated.

8 OPERATIVE FIXED ASSETS

	Note	As at July 01, 2021	Additions	Increase due to revaluation	Disposals / transfer / (write off)	Transfer to assets held for sale	As at June 30, 2022	Rate	As at July 01, 2021	Disposals / transfer / write off	Transfer to assets held for sale	Eliminated against revaluation	As at June 30, 2022	As at June 30, 2022
		COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION					WRITTEN DOWN VALUE
		Rupees						%	Rupees					
June 30, 2022														
Freehold land		[illegible]	[illegible]	-		-	[illegible]		-	-	-	-	-	[illegible]
Building on freehold land		[illegible]	[illegible]	-		-	[illegible]	5%	[illegible]	-	-	-	[illegible]	[illegible]
Electrical equipment and machinery		[illegible]	[illegible]	-	[illegible]	-	[illegible]	20%	[illegible]	[illegible]	-	-	[illegible]	[illegible]
Vehicles		[illegible]	[illegible]	-	[illegible]	-	[illegible]	10%	[illegible]	[illegible]	-	-	[illegible]	[illegible]
Computer equipment		[illegible]	[illegible]	-	[illegible]	-	[illegible]	30%	[illegible]	[illegible]	-	-	[illegible]	[illegible]
Furniture and fixtures		[illegible]	-	-	[illegible]	-	[illegible]	20%	[illegible]	[illegible]	-	-	[illegible]	[illegible]
		[illegible]	[illegible]	-	[illegible]	-	[illegible]		[illegible]	[illegible]	-	-	[illegible]	[illegible]

	Note	As at July 01, 2020	Additions	Increase due to revaluation	Disposals / transfer / (write off)	Transfer to assets held for sale	As at June 30, 2021	Rate	As at July 01, 2020	Disposals / transfer / write off	Transfer to assets held for sale	Eliminated against revaluation	As at June 30, 2021	As at June 30, 2021
		COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION					WRITTEN DOWN VALUE
		Rupees						%	Rupees					
June 30, 2021														
Freehold land		[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]		-	-	-	-	-	[illegible]
Building on freehold land		[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Electrical equipment and machinery		[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]
Vehicles		[illegible]	-	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]
Computer equipment		[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]
Furniture and fixtures		[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

8.1 [illegible]

8.2 [illegible]

8.3 [illegible]

8.4 [illegible]

5.5 Fair value measurement hierarchy of the assets:

	Date of valuation	Total	observable	unobservable
		-----Rupees-----		
			(Level 2)	(Level 3)
Land	June 30, 2021	177,331,000	177,331,000	-
Buildings	June 30, 2021	35,667,696	-	35,667,696
		212,998,696	177,331,000	35,667,696

The latest revaluation of the Company's land and buildings was made on June 30, 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 June 30, 2021 and forced sale value of the said property was Rs. 70.4 million.

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

	Total	Land	Buildings
	-----Rupees-----		
2022			
Cost	60,829,391	28,614,699	32,214,692
Accumulated depreciation	(9,154,576)	-	(9,154,576)
Net carrying amount	51,674,815	28,614,699	23,060,116
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

There were no transfers between the fair value measurement hierarchy during the year.

	Note	2022 Rupees	2021 Rupees
6 INVESTMENT PROPERTY			
6.1 Qualitative and quantitative disclosures			
Balance as at July 01,		130,918,200	71,589,216
Addition of investment property		-	110,000,000
Transfer of investment property	6.2	(115,261,000)	(52,150,666)
Gain from fair value measurement		5,560,525	1,479,650
Balance as at June 30,	6.2.1	21,217,725	130,918,200

6.2 As on April 01, 2022, investment property has been transferred at fair value to property and equipment as disclose in note 5.

	Note	2022 Rupees	2021 Rupees
Rental income derived from investment propert	25	4,976,400	2,357,500

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

6.2.1 This amount represents the fair value of Multan office building.

6.3 Fair value related disclosures

	Land	Building	Leasehold Land	Leasehold Building
Balance as at July 01, 2021	15,000,000	5,568,200	87,500,000	22,850,000
Disposal of investment property	-	-	(93,331,000)	(21,930,000)
Gain from fair value measurement	375,000	274,525	5,831,000	(920,000)
Balance as at June 30, 2022	15,375,000	5,842,725	-	-

	Note	2022 Rupees	2021 Rupees
7 INTANGIBLE ASSETS			
Cost			
Balance at July 01, 2021		2,431,836	2,431,836
Additions during the year		-	-
		2,431,836	2,431,836
Accumulated amortization			
Balance at July 01, 2021		(2,278,784)	(2,158,293)
Charge for the year		(120,491)	(120,491)
		(2,399,276)	(2,278,784)
Balance at the June 30, 2022		32,561	153,052
Rate		**5%**	**5%**

7.1 This represents the accounting software license Sidat Haider Financials used by the entity.

	Note	2022 Rupees	2021 Rupees
8 LONG TERM INVESTMENTS			
Term deposit receipt		-	100,000,000
Interest accrued		-	4,365,890
		-	104,365,890

8.1 The TDR having original maturity date of July 24, 2023 has been redeemed during the period and the same has been invested in the short term deposit with Silk Bank Limited.

	Note	2022 Rupees	2021 Rupees
9 ADVANCES			
To employees:			
against expenses		778,320	461,284
against salary		246,325	321,637
To implementing partners	9.1	-	19,014,033
		1,024,645	19,796,954

9.1 This represents the advances provided to various implementing partners for the project activities in accordance to the direction of OXFAM Pakistan (the donor).

	Note	2022 Rupees	2021 Rupees
10 DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits	10.1	5,066,235	2,253,535
Prepayments:			
Rent		20,000	20,000
Insurance		190,635	177,904
Others		257,062	192,458
		467,697	390,362
		5,533,932	2,643,897

10.1 This include security deposit to various landlords for various school buildings in Hyderabad .

	Note	2022 Rupees	2021 Rupees
11 TAX REFUNDS DUE FROM THE GOVERNMENT			
Advance income tax		17,096,675	15,453,481
Recovered u/s 138	11.1	17,172,865	17,172,865
		34,269,540	32,626,346

11.1 This represents amount deducted by the Federal Board of Revenue (FBR) in February and March 2018, directly from the Company's bank account against tax years 2014 and 2012, respectively. During the year, a Refund Order u/s 170 was issued by FBR, against which Rs. 9.8 million has been received subsequent to the year end.

	Note	2022 Rupees	2021 Rupees
12 GRANTS RECEIVABLE			
Grant receivable	18	56,831,564	36,198,210
Allowance for expected credit losses	12.1	(148,671)	(148,671)
Specific provision - doubtful grant receivable	12.2	-	(115,360)
		56,682,893	35,934,179

	Note	2022 Rupees	2021 Rupees
12.1 Allowance for expected credit losses			
Opening balance		148,671	-
(Increase)/reversal in provision for expected credit losses		-	148,671
Closing balance		148,671	148,671
12.2 Specific provision - doubtful grant receivable			
Opening balance		115,360	2,241,978
Amount written off against provision		(115,360)	(2,241,978)
Charge for the year		-	115,360
Closing balance		-	115,360

13 OTHER RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Considered good			
Receivable from employees		752,294	131,940
Receivable from Partner NGO's and donors	13.1	703,298	1,336,660
Others	13.2	32,239,393	2,200,997
		33,694,985	3,669,596
Considered doubtful			
Specific provision - doubtful other receivables	13.3	(1,015,822)	(1,328,581)
Provision against expected credit losses		(34,277)	(34,277)
Receivable from previous land lord		-	1,212,759
		(1,050,099)	(150,099)
		32,644,886	3,519,498

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

13.2 This include an amount of Rs. 28 million receivable from Crystal Builder Hyderabad against the sale of Hyderabad office building.

	Note	2022 Rupees	2021 Rupees
13.3 Specific provision - doubtful other receivables			
Balance as at July 01,		1,328,581	2,514,595
Provision for the year		-	1,015,822
Reversal during the year		(312,759)	(2,201,836)
Balance as at June 30,		1,015,822	1,328,581

14 SHORT-TERM INVESTMENTS

	Note	2022 Rupees	2021 Rupees
Term deposit receipt (TDR)	14.1	148,000,000	20,000,000
Interest accrued on TDR		8,345,699	1,551,918
		156,345,699	21,551,918
Mutual funds	14.2	933,290	855,830
		157,278,989	22,407,748

14.1 This includes investment in TDR amouting to Rs. 110 million having maturity date of September 29, 2022, Rs. 28 million having maturity date of February 2023 and Rs. 10 million having maturity date of June 2023 has been placed with the Silk Bank Limited at a markup ranging from 10% to 14% (2021: 9.25% to 10.15%) per annum.

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

15 CASH AND BANK BALANCES

	2022 Rupees	2021 Rupees
Cash in hand	43,422	20,512
Cash at bank:		
Current accounts		
local currency	35,978,150	21,510,122
foreign currency	(1,082)	(16,087)
	35,977,067	21,494,035
Savings accounts		
local currency	2,626,134	7,222,002
foreign currency	-	917,819
	2,626,134	8,139,821
	38,646,623	29,654,368

15.1 These carry mark-up ranging between 7.00% to 13.50% (2021: 5.25% to 6.75%) per annum.

16 NON-CURRENT ASSETS HELD FOR SALE

Property and Equipment

	Note	2022 Rupees	2021 Rupees
Land		-	38,374,600
Building		-	5,811,025
	16.1	-	44,185,625

16.1 Asset classified as non current asset held for sale in last year has been disposed off during the year and an amount of Rs. 28 million is still receivable from buyer as mentioned in note 13.3.

17 DEFERRED CAPITAL GRANT

	2022 Rupees	2021 Rupees
Balance at the beginning of the year	3,470,430	2,142,326
Additions during the year (at cost)	4,780,049	2,424,848
Disposal during the year	-	(303)
Assets transferred to PPE	-	(6)
	8,250,479	4,566,865
Amortization charge during the year	(670,913)	(1,096,435)
	7,579,567	3,470,430

	Note	2022 Rupees	2021 Rupees
18 DEFERRED GRANTS AGAINST OPERATING ACTIVITIES			
Opening balance		48,833,766	22,223,893
Grant received during the year		542,440,617	367,510,252
Grant recognized in income and expenditure:			
Against expenditure incurred		(536,350,239)	(337,066,230)
Against services performed		(9,145,389)	(5,513,078)
		(545,495,628)	(342,579,309)
Refund to donors		(7,402,271)	(563,048)
Receipt of amount previously written off		-	2,241,978
Balances written off		115,360	-
Payment on behalf of donor	18.1	(5,827,500)	-
		(13,114,411)	1,678,930
Closing balance		32,664,344	48,833,766
Break-up of closing balance			
Unspent grant		89,495,908	85,031,976
Grant receivable - gross		(56,831,564)	(36,198,210)
		32,664,344	48,833,766

18.1 This represent the amount of grant transfered from Adolescent and Adult Learning and Training (AALTP) - Sukkur to AALTP Hyderabad Project from the Sindh Education Fund Program grant as mentioned in note 18.2.

[illegible]

[illegible]

[illegible]

	2022 Rupees	2021 Rupees

19 ACCRUED AND OTHER LIABILITIES

	2022 Rupees	2021 Rupees
Accrued liabilities	1,932,005	2,621,685
Other liabilities:		
Payable to suppliers	20,520,102	6,950,292
To implementing partners	793,745	-
Payable to staff	4,331,893	1,173,057
Sales tax withheld	724,471	620,395
Security deposits	160,000	660,000
Income tax withheld	-	382,344
Payable to employees' provident fund	854,308	161,003
Earnest money payable	-	1,000,000
Others	10,540	150,530
	27,395,058	11,097,621
	29,327,063	13,719,306

20 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at the reporting date.

21 GRANTS

	Note	2022 Rupees	2021 Rupees
Current grants	18.2	545,495,628	342,579,309
Amortization of deferred grant	17	670,913	1,096,435
		546,166,541	343,675,744

21.1 Current grants

	2022 Rupees	2021 Rupees
Sindh Education Foundation	33,524,594	28,626,309
Mercy Corps- tuberculosis global fund-new funding request (TGF-NFR)	25,593,633	22,824,322
EKN- Women's Increased Access to Water Resources and Agricultural Markets	15,960,253	61,215,717
WaterAid Covid-19	-	2,960,052
Norwegian Church Aid (NCA) Covid-19	-	1,809,081
Norwegian	47,054,915	34,668,704
Dawood Hussain	-	12,071,924
Oxfam GB-Women Voice Leadership Pakistan	184,518,269	83,616,127
OXFAM - Improved Access to Fair, Legitimate and Effective Justice	37,237,928	24,715,087
Colony Textile Mills	3,452,123	2,530,113

	Note	2022 Rupees	2021 Rupees
International		8,523,196	22,345,477
Nishtar Alumni		27,919,371	14,446,239
British Council		28,080,201	9,853,232
Oxfam Relief for Flood Affected Farmers		-	3,350,639
United Nation		51,767,019	3,760,220
Funds from SEF		8,630,061	-
Funds from PPAF GRASP		15,048,339	-
Funds from SPDC		8,712,647	-
Funds from CFLI		2,001,856	-
Funds from SEF AALTP HYD Project		7,796,435	-
Funds from Oxfam Seed		217,111	-
Funds from Mercy Gates Foundation		265,909	-
		506,303,858	328,793,243
Networks housed in SPO:			
NHN-ADPC- APP Program Support to Countries during Covid-19		22,138,144	10,116,113
Spate MetaMeta New water Rights for Basin Management and Inclusivity		17,053,626	3,669,953
		39,191,770	13,786,066
		545,495,628	342,579,309

	Note	2022 Rupees	2021 Rupees
21.2 Local grant	18.2	103,023,740	66,052,668
Foreign grant		442,471,888	276,526,641
		545,495,628	342,579,309

22 PROGRAMME EXPENSES

	2022 Rupees	2021 Rupees
Salaries and benefits	168,144,207	131,419,366
Traveling and conveyance	30,521,535	14,436,261
Vehicle running and maintenance	17,602,976	11,879,288
Office rent	10,245,612	8,538,855
Resource materials and publications	-	8,864,710
Office supplies	4,935,109	3,764,243
Procurement expense	54,656,305	32,788,356
Training and development	86,236,195	34,751,186
Monitoring, evaluation and reporting	807,178	-
Maintenance and renovation	2,997,497	2,335,992
Miscellaneous expenses	518,099	200,000
	376,664,712	248,978,257
Programme expenses incurred out of:		
Restricted funds	343,163,951	228,071,694
Unrestricted funds	33,500,761	20,906,563
	376,664,712	248,978,257

23 GRANTS TO COMMUNITY BASED ORGANIZATIONS (CBOs) / OTHERS

	Note	2022 Rupees	2021 Rupees
Material supplies		1,822,667	1,665,180
Grant/support to partner organisations	23.1	175,043,906	102,561,727
Grant/support to communities	23.2	6,808,909	-
Food items and commodities		547,239	1,554,546
		184,222,721	105,781,453

23.1 This represents grants to CBOs in respect of agriculture, livestock, basic education, primary health care, environment, governance and other welfare and social activities in accordance with policies of the Company.

23.2 This amount include payments for the construction of reserviors, shallow wells and boundry lines in various regions of Quetta with respect to Covid 19 activities.

24 ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Telephone and postage		3,177,591	3,811,632
Utilities		4,796,666	2,912,258
Office security		413,229	703,535
Legal and professional charges		1,411,060	609,285
Depreciation	5	3,409,756	2,616,454
Amortization	7	120,491	120,491
Auditors' remuneration	24.2	1,396,841	1,287,072
Receivables written off		-	7,056
Training expenses		2,329,885	3,445,005
Repairs and maintenance		1,660,615	1,462,301
Bank charges		625,026	135,196
Miscellaneous expenses		922,484	120,000
Specific provision against doubtful other recievable	12.2	-	115,360
Provision against doubtful other recievable	13.3	-	1,015,822
		20,263,644	18,361,467

24.1 Administrative expenses incurred out of :

	2022	2021
Restricted funds	11,246,114	8,721,449
Unrestricted funds	9,017,530	9,640,018
	20,263,644	18,361,467

	Note	2022 Rupees	2021 Rupees
24.2 Auditors' remuneration			
Audit fee of statutory financial statements		1,012,000	1,000,000
Out of pocket expenses		384,841	223,272
Tax services		-	63,800
		1,396,841	1,287,072

25 OTHER OPERATING INCOME

	Note	2022 Rupees	2021 Rupees
Income from financial assets			
Return on savings accounts		4,624,096	11,364,167
Return on investment in TDR's		10,391,164	2,841,806
Gain on revaluation of mutual funds		-	1,088
Dividend from investment in mutual fund		-	387,631
		15,015,261	14,594,692
Income from non-financial assets			
Gain on disposal of investment property		-	(1,836,480)
Fair value gain on investment property		5,520,525	1,479,650
Rental income		4,976,400	2,357,500
Gain on sale of property and equipment		22,841,432	6,088,551
Vehicle rental income		-	25,424
Reversal of specific provision against other receivables		-	2,201,836
Exchange gain / (loss)		12,413	(2,721)
Miscellaneous income		436,332	597,301
		33,787,101	10,911,061
Others			
Income from training units		3,074,272	2,746,906
		51,876,634	28,252,659

26 TAXATION

	Note	2022 Rupees	2021 Rupees
Current	26.1	-	224,772
Prior		-	3,377,651
		-	3,602,423

26.1 The Company has been granted tax exepmtion by the Commissioner under section 2(36) of the Income Tax Ordinance, 2001 for tax years 2021 to 2023.

27 CASH AND CASH EQUIVALENTS

	Note	2022 Rupees	2021 Rupees
Short-term investments	14	156,345,699	21,551,918
Cash and bank balances	15	38,646,623	29,654,368
		194,992,322	51,206,286

	Note	2022 Rupees	2021 Rupees

28 SPO RECEIPTS - UNRESTRICTED FUND

	Note	2022 Rupees	2021 Rupees
Opening balance		157,444,923	154,267,762
Income for the year		48,793,901	25,480,329
Amortisation of deferred grant		670,913	1,096,434
Amortisation of revaluation surplus on property		170,025	209,859
Transfer from revaluation surplus on disposal		35,020,688	9,941,225
Services charged against projects		7,329,832	1,929,883
Increase in provision for expected credit losses		-	(182,948)
Expenditure incurred		(41,598,417)	(31,695,197)
Taxation		-	(3,602,424)
Net surplus		50,386,942	3,177,161
Closing balance		207,831,865	157,444,923

29 SPO TRAINING UNITS - UNRESTRICTED FUND

	Note	2022 Rupees	2021 Rupees
Opening balance		78,655,509	77,427,199
Income for the year	25	3,074,272	2,746,906
Expenditure incurred		(2,329,884)	(1,518,596)
Net surplus		744,388	1,228,310
Closing balance		79,399,897	78,655,509

30 VEHICLE RESERVE FUND - UNRESTRICTED FUND

	Note	2022 Rupees	2021 Rupees
Opening balance		73,380,694	72,613,228
Income for the year		8,460	25,424
Services charged against projects		1,816,565	3,580,000
Expenditure incurred		(872,537)	(2,837,958)
Net surplus		952,488	767,466
Closing balance		74,333,182	73,380,694

	2022 Rupees	2021 Rupees

31 CASH FLOWS FROM OPERATING ACTIVITIES

	2022 Rupees	2021 Rupees
Net surplus / (deficit) for the year	16,892,097	(1,375,723)
Adjustment for non cash items:		
Depreciation	3,409,756	2,616,454
Amortization	120,491	120,491
Gain on sale of property and equipment	-	(6,088,551)
Unrealized exchange loss / (gain)	-	2,721
Return on term deposit receipts	(10,391,164)	(11,364,167)
Return on saving accounts	(4,624,096)	(2,841,806)
Return on mutual funds	(77,460)	(388,719)
Gain on disposal of investment property	(22,841,432)	1,836,480
Gain on fair value measurement of investment properties	(5,520,525)	(1,479,650)
Decrease in price of mutual fund units	-	83,775
Specific provision against doubtful grant receivable	-	115,360
Provision for expected credit losses	-	182,948
Exchange gain	12,413	-
Other receivables written off	(115,360)	7,056
Reversal of specific provision against other receivables	(312,759)	(2,201,836)
Specific provision against doubtful other receivables	-	1,015,822
Miscellaneous income	(437,780)	-
Grant income	(546,166,541)	(343,675,743)
	(586,944,456)	(362,059,365)
Net deficit before working capital changes	(570,052,359)	(363,435,089)

32 REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer		Executives	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Managerial remuneration	7,541,400	7,030,800	19,537,116	21,744,026
Provident fund and others	754,140	703,080	1,844,460	1,589,770
Special allowance	180,000	180,000	1,032,000	1,177,000
	8,475,540	7,913,880	22,413,576	24,510,796
Number of persons	1	1	11	12

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

33 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

	2022				
	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
	Rupees				
Financial assets					
Grant receivable	56,831,564	-	-	-	56,831,564
Interest accrued	8,345,699	8,345,699	-	8,345,699	-
Other receivables	33,694,985	-	-	-	33,694,985
Short term investments	157,278,989	157,278,989		157,278,989	-
Deposits	5,066,235	-	-	-	5,066,235
Cash and bank balances	38,646,623	2,626,134	-	2,626,134	36,020,489
	299,864,094	168,250,822	-	168,250,822	131,613,273
Financial liabilities					
Accrued and other liabilities	28,602,593	-	-	-	28,602,593
	28,602,593	-	-	-	28,602,593
On balance sheet gap	271,261,502	168,250,822	-	168,250,822	103,010,680

	2021				
	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
	Rupees				
Financial assets					
Grant receivable	36,198,210	-	-	-	36,198,210
Interest accrued	5,917,808	5,917,808	-	5,917,808	-
Other receivables	3,537,656	-	-	-	3,537,656
Short term investments	22,407,748	22,407,748	-	22,407,748	-
Long term investments	104,365,890	104,365,890	-	104,365,890	-
Deposits	2,253,535	-	-	-	2,253,535
Cash and bank balances	29,654,368	8,139,821	-	8,139,821	21,514,547
	204,335,215	140,831,267	-	140,831,267	63,503,948
Financial liabilities					
Accrued and other liabilities	12,716,568	-	-	-	12,716,568
	12,716,568	-	-	-	12,716,568
On balance sheet gap	191,618,647	140,831,267	-	140,831,267	50,787,380

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

-Credit risk
-Liquidity risk
-Market Risk

This note presents information about the Board's exposure to each of the above risks, the Board's objectives, policies and processes for measuring an managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Board's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board's risk management policies are established to identify and analyze the risks faced by the Board, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Board's activities. The Board, 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 of the Board oversees how management monitors compliance with the Board's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Board.

34.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

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

	2022 Rupees	2021 Rupees
Grant receivable	56,831,564	36,198,210
Interest accrued	8,345,699	5,917,808
Other receivables	33,694,985	3,537,656
Short term investments	157,278,989	22,407,748
Long term investments	-	104,365,890
Deposits	5,066,235	2,253,535
Bank balances	38,603,201	29,633,856
	299,820,672	204,314,703

To manage exposure to credit risk in respect of other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

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

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year, no assets have been impaired.

34.2 Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Board's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	2022				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
	---------- Rupees ----------				
Accrued and other liabilities	29,327,063	29,327,063		29,327,063	-
	29,327,063	29,327,063	-	29,327,063	-

	2021				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
	---------- Rupees ----------				
Accrued and other liabilities	13,719,306	13,719,306	-	13,719,306	-
	13,719,306	13,719,306	-	13,719,306	-

The Board believes that it is not exposed to any significant level of liquidity risk.

34.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Board's income or the value of its holdings of financial instruments.

a) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other then the functional currency in which they are measured.

Presently, the board is not exposed to foreign currency risk.

b) **Interest rate risk**

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and short term advances (receivable and payables) from related parties. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2022	2021	2022	2021
	Effective rate		**Carrying amount**	
	In percent		**Rupees**	
Variable rate instruments				
Financial assets				
Short term investments	10% to 14%	9.25% to 10.15%	157,278,989	22,407,748
Long term investments	nil	10.15%	-	104,365,890
Cash and bank balances	7.00% to 13.5%	5.25% to 5.75%	2,626,134	8,139,821
			159,905,123	134,913,459

35 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade receivables and payables is assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change occurred.

	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
June 30, 2022					
Assets					
Property and equipment	104,197,971	104,197,971	-	-	104,197,971
Intangible assets	1,874,094	1,874,094	-	-	1,874,094
Investment					
Long term investment	-	-	-	-	-
	106,072,065	**106,072,065**	-	-	**106,072,065**
June 30, 2021					
Assets					
Property and equipment	77,212,533	77,212,533	-	-	77,212,533
Intangible assets	1,229,039	1,229,039	-	-	1,229,039
Investment					
Long term investment	320,000,000	320,000,000	320,000,000	-	-
	398,441,572	**398,441,572**	**320,000,000**	-	**78,441,572**

36 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.

37 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 38 to the financial statements. Other related party balances and transactions, not disclosed elsewhere, are as follows:

Transactions with provident fund	2022 Rupees	2021 Rupees
Contribution paid to employees' provident fund	6,566,644	5,297,750
Payable to employees' provident fund	854,308	161,003

38 NUMBER OF EMPLOYEES

	2022 Numbers	2021 Numbers
As on the reporting date	105	128
Average number of employees during the year	98	101

39 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.

40 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 2 0 NOV 2022 by the Board of Directors of the Company.

41 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE **DIRECTOR**