

FINANCIAL STATEMENTS  
OF  
HISAAR FOUNDATION  
(COMPANY LIMITED BY GUARANTEE  
AND LICENSED UNDER SECTION 42  
OF THE REPEALED COMPANIES ORDINANCE, 1984)  
FOR THE YEAR ENDED  
JUNE 30, 2020

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HISAAR FOUNDATION**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of **HISAAR FOUNDATION**, (company limited by guarantee and licensed under Section 42 of the repealed Companies Ordinance, 1984), which comprise the statement of financial position as at June 30, 2020, and the related statement of income and expenditure, the statement of comprehensive income, the statement of changes in 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, 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 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 June 30, 2020 and of the surplus, other comprehensive income, the changes in 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 Auditor's 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 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 Auditor's 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 auditor's report thereon.

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

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



## **Responsibilities of Management and Board of Governors 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.

Boards of Governors are 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:

- 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 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 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 Board of Governors 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, statement of comprehensive income, the statement of cash flows and the statement of changes in general fund 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 auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 07 NOV 2020

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS




**HISAAR FOUNDATION**  
**(COMPANY LIMITED BY GUARANTEE**  
**AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	1,967,884	323,988
Long term deposits		180,000	180,000
		<u>2,147,884</u>	<u>503,988</u>
<b>CURRENT ASSETS</b>			
Advances	5	-	100,000
Other receivables	6	919,786	1,298,010
Short term prepayments	7	130,000	-
Taxation - net	8	1,101,897	458,153
Cash and bank balances	9	29,794,859	20,745,708
		<u>31,946,542</u>	<u>22,601,871</u>
		<u>34,094,426</u>	<u>23,105,859</u>
<b>TOTAL ASSETS</b>			
<b>FUND AND LIABILITIES</b>			
<b>FUND</b>			
General fund	10	(277,213)	(1,160,408)
<b>NON CURRENT LIABILITIES</b>			
Deferred capital grant	11	1,884,927	289,989
<b>CURRENT LIABILITIES</b>			
Deferred credit - unutilized grants	12	30,806,812	23,438,542
Other payables	13	1,679,900	537,736
		<u>32,486,712</u>	<u>23,976,278</u>
		<u>34,094,426</u>	<u>23,105,859</u>
<b>TOTAL FUND AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		

The annexed notes from 1 to 33 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**GOVERNOR**

**HISAAR FOUNDATION**  
**(COMPANY LIMITED BY GUARANTEE**  
**AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>INCOME</b>			
Donations		394,000	686,494
Membership fee		50,000	50,000
Relief and emergency support income	15	45,000	1,541,000
Programme support income	16	10,966,176	9,755,094
Zakat ramzan appeal support income	17	4,998,016	2,988,500
Water conference support income	18	9,515,000	-
Other income		1,512,333	3,048,577
		27,480,525	18,069,665
<b>EXPENDITURE</b>			
Administrative expenses	19	4,389,030	4,041,649
Programme expenses	20	10,752,460	8,867,966
Relief and emergency support expenses	21	-	486,341
Think tank expenses	22	-	1,969,240
Water conference expenses	23	9,026,652	1,274,958
Zakat ramzan appeal expenses	24	2,415,400	2,328,775
Financial charges		13,788	3,845
		26,597,330	18,972,774
Net surplus / (deficit) for the year		883,195	(903,109)

The annexed notes from 1 to 33 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**GOVERNOR**



**HISAAR FOUNDATION  
(COMPANY LIMITED BY GUARANTEE  
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Net surplus / (deficit) for the year	883,195	(903,109)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u>883,195</u>	<u>(903,109)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**GOVERNOR**

**HISAAR FOUNDATION  
(COMPANY LIMITED BY GUARANTEE  
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE)  
STATEMENT OF CHANGES IN GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Opening balance	(1,160,408)	(257,299)
Surplus / (deficit) for the year	883,195	(903,109)
Closing balance	<u>(277,213)</u>	<u>(1,160,408)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**GOVERNOR**



**HISAAR FOUNDATION**  
**(COMPANY LIMITED BY GUARANTEE**  
**AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)**  
**STATEMENT OF CASHLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus / (deficit) for the year	883,195	(903,109)
Adjustment for items not involving movement of funds:		
Depreciation	60,542	31,311
Financial charges	13,788	3,845
Operating profit / (loss) before working capital changes	957,525	(867,953)
<b>Decrease / (increase) in current assets</b>		
Loans and advances	100,000	(100,000)
Prepaid rent	(130,000)	-
Other receivables	378,224	(980,523)
	348,224	(1,080,523)
<b>Increase in current liabilities</b>		
Other payables	1,142,164	145,929
Cash generated from / (used in) operations	2,447,913	(1,802,547)
Financial charges paid	(13,788)	(3,845)
Taxes paid	(643,744)	(78,245)
Net cash generated from / (used in) operating activities	1,790,381	(1,884,637)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to operating fixed assets	(109,500)	-
Addition to capital work in process	(1,594,938)	(289,989)
Profit on treasury accounts	2,557,448	-
Long term deposits	-	210,000
Net cash generated from / (used in) investing activities	853,010	(79,989)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grants received from donors	22,212,284	32,589,380
Grants utilized during the year	(15,806,524)	(13,429,189)
Net cash generated from financing activities	6,405,760	19,160,191
Net increase in cash and cash equivalents	9,049,151	17,195,565
Cash and cash equivalents at the beginning of the year	20,745,708	3,550,143
Cash and cash equivalents at the end of the year	29,794,859	20,745,708

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**GOVERNOR**

**HISAAR FOUNDATION  
(COMPANY LIMITED BY GUARANTEE  
AND LICENSED UNDER SECTION 42 OF REPEALED COMPANIES ORDINANCE, 1984)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1 NATURE AND STATUS OF COMPANY**

**1.1 Legal status and operations**

Hisaar Foundation ("the Company") was established under a license granted by the Securities and Exchange Commission of Pakistan under section 42 of the repealed Companies Ordinance, 1984 on January 14, 2003. The licence was renewed by the Company in due course and the licence is valid till November 2021. The main object of the Company is to promote and advance the welfare and the well being of the people of Pakistan and of other countries in the world. The geographical location and registered address of the Company is House No. F-11/1, Block-8, Clifton, Karachi. However, subsequent to the year end, the geographical location and registered address of the Company has changed to Office 3B, Plot 41/C, Lane 13, Bukhari Commercial Area, Phase VI, DHA, Karachi.

**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 approved accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) 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 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 for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

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 3.11.



### **2.3 Functional and presentation currency**

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company and rounded off to the nearest rupee.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **3.1 Property, plant and equipment**

#### **3.1.1 In own use and depreciation**

These are stated at cost less accumulated depreciation and impairment (if any). Depreciation is charged using the straight line method at the rates specified in the relevant note.

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

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized if the recognition criteria are met.

#### **3.1.2 Capital work in progress**

Capital work-in-progress are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant category as and when assets are available for use intended by the user. Capital work-in-progress is stated at cost less any identified impairment loss.

### **3.2 Trade & other receivables**

Trade & other receivables are recognized at normal amount which is fair value of the consideration to be received in future.

### **3.3 Cash and bank balances**

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

### **3.4 Cash and cash equivalent**

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash in hand, balances at banks in current account.

### **3.5 Other payables**

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

### **3.6 Provisions**

A provision is recognized in statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation.

### **3.7 Taxation**

The Company has been allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable subject to the conditions specified under 100C of the Income Tax Ordinance, 2001, and therefore, no provision for tax has been made for the year.

### **3.8 Revenue recognition**

Donations, fees and programme income are recognized on receipt basis.

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

Restricted grants received for revenue expenditure are treated as "Grant Income" upon utilization. Restricted grant received is credited to "Deferred Credit - Unutilized Grant" upon receipt of funds. This grant is transferred to income and expenditure account when conditions stipulated for its receipt have been complied with.

Grants not utilized are repayable and shown as "Deferred Credit – Unutilized Grant".

### **3.9 Deferred capital grant**

Donations for purchase of property, plant and equipment and donation received in kind are taken to deferred capital grant. Funding for property, plant and equipment to be utilized are deferred and amortized over the estimated useful lives of related assets.

### **3.10 Related party transactions and transfer pricing**

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

### **3.11 Significant accounting judgments and critical accounting estimates / assumptions**

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

- exercise its judgment in process of applying the Company's accounting policies.
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:



a) **Property, plant and equipment**

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of operating assets. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

	Note	2020 Rupees	2019 Rupees
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	82,957	33,999
Capital work in process	14.2	1,884,927	289,989
		<u>1,967,884</u>	<u>323,988</u>

**4.1 Operating fixed assets**

Description	Owned			Total
	Office equipment	Computers	Furniture and fixtures	
	Rupees			
<b>Net carrying value basis year ended June 30, 2020</b>				
Opening net book value	9,020	24,979	-	33,999
Additions	54,500	55,000	-	109,500
Depreciation	(17,240)	(43,302)	-	(60,542)
<b>Closing net book value</b>	<b>46,280</b>	<b>36,677</b>	<b>-</b>	<b>82,957</b>
<b>Gross carrying value basis year ended June 30, 2020</b>				
Cost	468,260	471,053	292,600	1,231,913
Accumulated depreciation	(421,980)	(434,376)	(292,600)	(1,148,956)
<b>Net book value</b>	<b>46,280</b>	<b>36,677</b>	<b>-</b>	<b>82,957</b>
<b>Depreciation rate (% per annum)</b>				
	<b>20%</b>	<b>33.33%</b>	<b>20%</b>	
<b>Net carrying value basis year ended June 30, 2019</b>				
Opening net book value	15,360	49,950	-	65,310
Depreciation	(6,340)	(24,971)	-	(31,311)
<b>Closing net book value</b>	<b>9,020</b>	<b>24,979</b>	<b>-</b>	<b>33,999</b>
<b>Gross carrying value basis year ended June 30, 2019</b>				
Cost	413,760	416,053	292,600	1,122,413
Accumulated depreciation	(404,740)	(391,074)	(292,600)	(1,088,414)
<b>Net book value</b>	<b>9,020</b>	<b>24,979</b>	<b>-</b>	<b>33,999</b>
<b>Depreciation rate (% per annum)</b>				
	<b>20%</b>	<b>33.33%</b>	<b>20%</b>	

	Note	2020 Rupees	2019 Rupees
<b>5</b>	<b>ADVANCES</b>		
	Unsecured - considered good Advances to others	<u>-</u>	<u>100,000</u>
<b>6</b>	<b>OTHER RECEIVABLES</b>		
	Other receivables	<u>919,786</u>	<u>1,298,010</u>
<b>7</b>	<b>SHORT TERM PREPAYMENTS</b>		
	Prepaid rent	<u>130,000</u>	<u>-</u>
<b>8</b>	<b>TAXATION - NET</b>		
	Advance tax	<u>1,101,897</u>	<u>458,153</u>
<b>9</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	104,179	11,950
	Cash at bank in current accounts	<u>29,690,680</u>	<u>20,733,758</u>
		<u>29,794,859</u>	<u>20,745,708</u>
<b>10</b>	<b>GENERAL FUND</b>		
	Opening balance	(1,160,408)	(257,299)
	Surplus / (deficit) for the year	<u>883,195</u>	<u>(903,109)</u>
	Closing balance	<u>(277,213)</u>	<u>(1,160,408)</u>
<b>11</b>	<b>DEFERRED CAPITAL GRANT</b>		
	Opening balance	289,989	-
	Grant utilized during the year	<u>1,594,938</u>	<u>289,989</u>
	Closing balance	<u>1,884,927</u>	<u>289,989</u>
11.1	This represents grant utilized in respect of construction of Panjwani - Hisaar Water Institute.		

## 12 DEFERRED CREDIT - UNUTILIZED GRANTS

Particulars	Live stock	Deep Dug Well in Tharparkar	Ramzan appeal	Rehab of well	Adopt a village	Relief and emergency	Panjwani Hisaar Water Institute	Solar projects	2020	2019
Balance as on July 01	46,400	683,340	1,068,000	1,017,500	-	45,000	19,428,302	1,150,000	23,438,542	4,568,340
Add: Grants received from Donors	-	1,531,200	5,760,016	1,790,000	2,436,000	-	8,531,000	2,164,068	22,212,284	32,589,380
Add: Profit on treasury account	-	-	-	-	-	-	2,557,448	-	2,557,448	-
Less: Grants utilized	(46,400)	(2,214,540)	(4,998,016)	(2,752,500)	(2,436,000)	(45,000)	-	(3,314,068)	(15,806,524)	(13,429,189)
Less: Transferred to deferred capital grant	-	-	-	-	-	-	(1,594,938)	-	(1,594,938)	(289,989)
Closing balance - payable	-	-	1,830,000	55,000	-	-	28,921,812	-	30,806,812	23,438,542

	Note	2020 Rupees	2019 Rupees
13 OTHER PAYABLES			
Payable to supplier		1,679,900	311,236
Professional fee payable		-	26,500
Director loan payable		-	200,000
		<u>1,679,900</u>	<u>537,736</u>

## 14 CONTINGENCIES AND COMMITMENTS

14.1 The Company received show cause notice dated August 16, 2018 from Federal Board of Revenue (FBR) on account of failure to deduct and pay withholding taxes under section 161(1A) of the Income Tax Ordinance, 2001 amounting to Rs. 0.795 million from payments of purchases and expenses made during Tax Year 2017. Final reply on the said notice was filed on December 07, 2018 and till today no further notice has been received from FBR in respect of the notice dated August 16, 2018.

14.2 On November 23, 2018, the Company has entered into agreement with Panjwani Charitable Foundation and NED University of Engineering and Technology "the NED" to establish Panjwani - Hisaar Water Institute "PHWI" for water education, research and training and dissemination to various stakeholder groups. Panjwani Foundation agreed to donate initial seed money, whereas, the Company agreed to raise the funds and manage the construction of Water Institute and upon completion donate the building to the NED.

For the purpose of designing of PHWI, the Company has entered into a consultancy agreement with Arcop (Private) Limited (the consultant) on March 26, 2018. Arcop (Private) Limited will prepare the design of the project, prepare budgets and assist the Company in conducting the call for tenders, and finalizing the construction company.

On June 16, 2020, the Company has entered in to an agreement with Paragon Constructors (Private) Limited, for the construction of the PHWI. It has been agreed in the contract that entire work including the mobilization shall be completed within 18 months from the execution of the contract. The contract price agreed between the parties is amounting to Rs. 294.661 million exclusive of Sindh sales tax and withholding tax.

The Company has also entered into an agreement with S. Mehboob and Co. (SMC) for obtaining electrical and mechanical design services. The contract price agreed between the parties for design services is amounting to Rs. 2.566 million.



	Note	2020 Rupees	2019 Rupees
<b>15 RELIEF AND EMERGENCY SUPPORT INCOME</b>			
Donation for Thar drought relief program		45,000	1,541,000
<b>16 PROGRAMME SUPPORT INCOME</b>			
Donation for deep dug well in Tharparkar-Sindh		2,214,540	3,955,640
Donation for Adopt a Village		2,638,668	1,766,954
Donation for Livestock		46,400	-
Donation for Rehab Well		2,752,500	3,757,500
Donation for Solar Pump		2,329,068	-
Donation for Solar Rehab Well		985,000	275,000
		10,966,176	9,755,094
<b>17 ZAKAT RAMZAN APPEAL SUPPORT INCOME</b>			
Zakat Ramzan appeal		4,998,016	2,988,500
<b>18 WATER CONFERENCE SUPPORT INCOME</b>			
Registration		715,000	-
Sponsorship		8,800,000	-
		9,515,000	-
<b>19 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits		823,950	518,462
Printing charges		102,694	186,694
Postage and courier		33,864	31,141
Legal and Professional charges		119,500	7,310
Depreciation	4.1	60,542	31,311
Utilities expenses		181,625	122,457
Rent expense		1,648,398	1,602,800
Books and periodicals		-	12,876
Repair and maintenance		283,240	330,460
Travelling, conveyance and maintenance		173,308	68,013
Office kitchen supplies		83,608	82,207
Press Conference		-	109,864
Internet and email / web maintenance and hosting		97,791	71,070
Venue, meals and accommodation		-	275,577
Generator rent and running		5,750	13,200
Electricity expenses		-	155,860
Office security charges		20,969	27,959

	2020	2019
	Rupees	Rupees
Entertainment expenses	22,950	16,515
Dues and subscription	-	290,500
Miscellaneous	730,841	87,373
	<u>4,389,030</u>	<u>4,041,649</u>
<b>20 PROGRAMME EXPENSES</b>		
Salaries, wages and other benefits	1,484,250	1,021,094
Livestock distribution	-	-
Rehabilitation Well	2,107,000	3,160,500
Travelling (UWN)	-	59,030
PHWI - Soil Testing Expenses	-	281,709
Construction of Solar Bore	1,540,000	697,000
Deep Dug Well in Tharparkar	2,000,700	2,713,200
Travelling and outstation	76,510	415,433
Expense for Adopt a Village	2,436,000	520,000
Solar Deep Dug Well	708,000	-
Construction of Hand Pump	400,000	-
	<u>10,752,460</u>	<u>8,867,966</u>
<b>21 RELIEF AND EMERGENCY SUPPORT EXPENSES</b>		
Thar drought relief fund	-	486,341
<b>22 THINK TANK EXPENSES</b>		
Salaries, wages and other benefits	-	1,189,250
Boarding and lodging	-	115,873
Meeting expenses	-	484,342
Printing and stationery	-	1,034
Travelling expenses	-	175,741
Miscellaneous	-	3,000
	<u>-</u>	<u>1,969,240</u>
<b>23 WATER CONFERENCE EXPENSES</b>		
Salaries, wages and other benefits	1,495,800	910,069
Press conference	254,815	-
Boarding and lodging	1,368,462	-
Travelling expenses	615,669	-
Venue, meal and accommodation	4,550,813	-
Web designing	141,250	-
Printing and stationary	436,900	330,000
Miscellaneous	162,943	34,889
	<u>9,026,652</u>	<u>1,274,958</u>

		2020 Rupees	2019 Rupees
24	<b>ZAKAT RAMZAN APPEAL EXPENSES</b>		
	Zakat ramzan appeal expenses	2,415,400	2,328,775

## 25 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Nature of transaction	Nature of relation	Basis of relation	2020 Rupees	2019 Rupees
Loan obtained during the year	Director	Directorship	-	200,000
Repayment of loan	Director	Directorship	200,000	210,000
Grant received - PHWI	Director	Directorship	2,000,000	20,000,000
Grant utilized			-	281,709
Transferred to deferred capital grant	Director	Directorship	1,594,938	289,989
Grant received - PHWI				
KIWC - Registration charges paid on behalf of Company	Director	Directorship	107,000	-
Donation received	Director	Directorship	165,000	-
Donation received for Zakat Ramzan Appeal	Director	Directorship	200,000	-
Hand pump	Director	Directorship	250,000	-
<b>Year end balances</b>				
Loan from director	Director	Directorship	-	200,000
Unutilized grant- PHWI	Director	Directorship	19,833,364	19,428,302

## 26 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

## 27 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets as per statement of financial position

#### Loans and receivables

Other receivables	919,786	1,298,010
Long term deposits	180,000	180,000
Cash and bank balances	29,794,859	20,745,708
	<u>30,894,645</u>	<u>22,223,718</u>



	2020 Rupees	2019 Rupees
<b>Financial liabilities as per statement of financial position</b>		
Financial liabilities - at amortised cost		
Other payables	1,679,900	537,736
	<u>1,679,900</u>	<u>391,807</u>

## 28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 28.1 Risk management policies

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

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

### 28.2 Credit risk

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

#### Exposure to credit risk

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

Long term deposits	180,000	180,000
Other receivables	919,786	1,298,010
Bank balances	29,690,680	20,733,758
	<u>30,790,466</u>	<u>22,211,768</u>

#### Impaired assets

During the year no assets have been impaired other than those disclosed in the financial statements.

#### Bank balances

The Company maintained its funds with banks having strong credit rating. Currently the funds are kept with banks with ratings ranging from AA+ to A1+.

### 28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company'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 Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months Rupees	One to two years	Two to five years	Over five years
<b>2020</b>							
Other payables	1,679,900	1,679,900	1,679,900	-	-	-	-
<b>2019</b>							
Other payables	537,736	537,736	537,736	-	-	-	-

### 28.4 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 Company's income or the value of its holdings of financial instruments.

#### a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company does not exposure to foreign currency risk.

#### b) Interest rate risk

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

	Interest/markup bearing			Non - interest bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	Rupees						
<b>Financial assets</b>							
Long term deposits	-	-	-	-	180,000	180,000	180,000
Other receivables	-	-	-	919,786	-	919,786	919,786
Cash and bank balances	-	-	-	29,794,859	-	29,794,859	29,794,859
	-	-	-	30,714,645	180,000	30,894,645	30,894,645
<b>Financial liabilities</b>							
Other payables	-	-	-	1,679,900	-	1,679,900	1,679,900
<b>Net financial assets – 2020</b>	-	-	-	29,034,745	180,000	29,214,745	29,214,745
<b>Net financial assets – 2019</b>	-	-	-	21,505,982	180,000	21,685,982	21,685,982

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

## 29 CAPITAL MANAGEMENT

The Governing Body's policy is to maintain a strong capital base so as to ensure members' confidence and to sustain future development of the activities of the Company. The Governing Body actively monitor the operations of the Company, so as to safeguard the interest of the members and to maximize the Company's capital base. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

## 30 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

	2020	2019
	Number of employees	
31 NUMBER OF EMPLOYEES		
Number of employees as at year end	7	6
Average number of employees for the year	7	6

## 32 DATE OF AUTHORIZATION FOR ISSUE

The Board of Governors of the Company authorized these financial statements for issue on 07 NOV 2020.

## 33 GENERAL

### 33.1 Impact of COVID-19 on the financial statements

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

### 33.2 Figures have been rounded off to the nearest rupee unless otherwise stated.



CHIEF EXECUTIVE

  
GOVERNOR