

**LODHRAN PILOT PROJECT**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**JUNE 30, 2020**

## INDEPENDENT AUDITORS' REPORT TO THE GENERAL BODY

### Opinion

We have audited the financial statements of **Lodhran Pilot Project** (herein after referred as the Society), which comprises the statement of financial position as at June 30, 2020, and the statement of income and expenditure, statement of comprehensive income, statement of cash flows and statement of changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

### 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 Society 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.

### Responsibilities of management and Those Charged with Governance for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan and for such internal control as the Management Committee 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 Committee is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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.

**RIAZ AHMAD, SAQIB, GOHAR & CO.**  
Chartered Accountants

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Corporate Office at Karachi & Regional Office at Islamabad.

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 Society'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 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 Society'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 Society 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 those charged with governance 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.

(Chartered Accountants)

07 DEC 2020

Lahore: \_\_\_\_\_

Name of engagement partner: Muhammad Ali Rafique

**LODHRAN PILOT PROJECT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property and equipment	5	7,093,736	10,576,571
Intangible assets	6	338,390	422,987
Long term security deposits	7	120,000	220,000
		7,552,126	11,219,558
<b>Current assets</b>			
Advances, prepayments and other receivables	8	8,568,800	15,652,562
Income tax refunds due from Government		40,830	40,830
Cash and Bank	9	17,692,848	25,145,753
		26,302,478	40,839,145
<b>Total assets</b>		33,854,604	52,058,703
<b><u>LIABILITIES</u></b>			
<b>Non-current liabilities</b>			
Deferred contributions related to capital assets	10	940,210	1,813,985
Deferred contributions related to expenses of future periods	11	871,835	13,416,089
		1,812,045	15,230,074
<b>Current liabilities</b>			
Payable to suppliers	12	5,301,383	4,225,012
Accrued and other liabilities	13	5,063,418	6,621,632
		10,364,801	10,846,644
<b>Total liabilities</b>		12,176,846	26,076,718
<b><u>NET ASSETS</u></b>		21,677,758	25,981,985
<b>REPRESENTED BY:</b>			
Un-restricted fund		21,677,758	25,981,985

**CONTINGENCIES & COMMITMENTS**

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The annexed notes from 1 to 23 form an integral part of these financial statements.

  
**PRESIDENT**

  
**FINANCE SECRETARY**

**LODHRAN PILOT PROJECT**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>INCOME</b>			
Amortization of deferred contributions:			
-related to capital contributions	10	421,401	215,100
-related to revenue contributions	11	116,220,219	88,125,226
Other income	15	8,433,694	21,712,650
Donations	16	89,800,000	74,029,974
		214,875,314	184,082,950
<b>EXPENDITURE</b>			
<b>Project expense:</b>			
Project cost	17	(120,330,261)	(93,091,291)
Operational cost	17	(3,426,453)	(4,316,429)
		(123,756,714)	(97,407,720)
<b>Program expense:</b>			
Program cost	18	(87,191,211)	(58,944,993)
General and administrative expenses	18	(9,135,151)	(7,894,134)
		(96,326,362)	(66,839,127)
<b>Total expenditure</b>		<b>(220,083,076)</b>	<b>(164,246,847)</b>
<b>Excess of (expenditure) / income over income / (expenditure) before taxation</b>		<b>(5,207,762)</b>	<b>19,836,103</b>
Income tax expense		-	-
<b>Excess of (expenditure) / income over income / (expenditure) for the year</b>		<b>(5,207,762)</b>	<b>19,836,103</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
**PRESIDENT**

  
**FINANCE SECRETARY**

**LODHRAN PILOT PROJECT  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	2020 Rupees	2019 Rupees
Excess of (expenditure) / income over income / (expenditure) for the year	(5,207,762)	19,836,103
<b>Other comprehensive income:</b>		
Other comprehensive income for the year	-	-
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive (deficit) / income for the year</b>	<u>(5,207,762)</u>	<u>19,836,103</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
**PRESIDENT**

  
**FINANCE SECRETARY**

**LODHRAN PILOT PROJECT**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	Un-restricted fund Rupees
<b>Balance as at July 01, 2018</b>		8,008,007
<b>Movement during the year:</b>		
Inter fund transfers	11.2	(1,956,816)
Transferred from deferred contributions related to capital assets	10.2	94,691
		6,145,882
Excess of income over expenditure for the year		19,836,103
Other comprehensive income for the year		-
<b>Total comprehensive income for the year</b>		19,836,103
<b>Balance as at 30 June 2019</b>		25,981,985
<b>Movement during the year:</b>		
Adjustment of closed projects	11.1	1,982,782
Inter fund transfers	11.1	(1,655,521)
Transferred from deferred contributions related to capital assets	10.1	576,274
		903,535
Excess of expenditure over income for the year		(5,207,762)
Other comprehensive income for the year		-
<b>Total comprehensive deficit for the year</b>		(5,207,762)
<b>Balance as at June 30, 2020</b>		21,677,758

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
**PRESIDENT**

*Manan Taweeh*  
**FINANCE SECRETARY**

**LODHRAN PILOT PROJECT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of (expenditure) / income over income / (expenditure) before taxation		(5,207,762)	19,836,103
<b>Adjustments for non-cash income and expenses:</b>			
Amortization of deferred contributions	11	(116,220,219)	(88,340,326)
Donation recognized during the year	16	(89,800,000)	(74,029,974)
Loss / (gain) on disposal of property and equipment	15	747,861	(888,362)
Depreciation of property and equipment	5	1,765,060	1,088,611
Amortization of intangible assets	6	84,597	65,563
		(208,630,463)	(142,268,386)
<b>Changes in working capital:</b>			
Advances, prepayments and other receivables		7,083,762	(13,518,711)
Payable to suppliers		1,076,371	259,472
Accrued and other liabilities		(1,558,214)	2,987,585
<b>Cash used in operations</b>		(202,028,544)	(152,540,040)
Taxes paid		(446,552)	(1,160,897)
Grant / donations received during the year		193,927,126	169,935,006
<b>Net cash (used in) / generated from operating activities</b>		(8,547,970)	16,234,069
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property and equipment		(574,567)	(4,025,060)
Payments for acquisition of intangible asset		-	(195,085)
Proceed from disposal of property and equipment		1,569,632	1,349,400
Refund of security deposits		100,000	100,000
<b>Net cash generated from / (used in) investing activities</b>		1,095,065	(2,770,745)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net (decrease) / increase in cash and cash equivalents</b>		(7,452,905)	13,463,324
<b>Cash and cash equivalents at the beginning of the year</b>		25,145,753	11,682,430
<b>Cash and cash equivalents at the end of the year</b>	9	17,692,848	25,145,753

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
PRESIDENT

  
FINANCE SECRETARY



**LODHRAN PILOT PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. GENERAL INFORMATION**

**1.1 Legal status and operations**

Lodhran Pilot Project (herein after referred as the Society) is a Non-Profit Organization and has been established in Pakistan under the Societies Registration Act 1860 on February 1999. The registered office of the Society is situated at Multan Road, near WAPDA Colony, Lodhran. The Society principally engaged to carry on the following objectives:

- To build the managerial and technical capacities of civil society institution that are rooted in the communities;
- To pick up the issues from the field and turn them into subjects of meaningful action research, workshops, seminars and policy dialogues;
- To promote agriculture and horticultural related activities;
- To engaged in charitable purpose and social welfare activities strictly on non-profit basis; and
- To cooperate, assist joint programs with organization and agencies seeking the goal of development in Pakistan.

The Society is certified by Pakistan Centre for Philanthropy (PCP) on February 20, 2018 for the period of three year to meet International Non-Profit Organization Standards in the areas of Internal Governance, Financial Management and Program Delivery.

The Society is a Not-For-Profit Organization under section 2(36) of the Income Tax Ordinance, 2001 and its surplus/(deficit), if any, is carried forward to the subsequent years, and is not available for appropriation.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

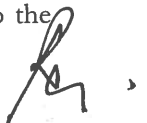
These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (SECP); and
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan.

Where the concept contained in Accounting Standard for NPOs, conflict with IFRS for SMEs, the requirements of the IFRS for SMEs have been followed

**2.2 Functional and presentation currency**

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Society's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.



### 2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

### 2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management committee to exercise judgment in the process of applying the Society accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property and equipment – Note 3.1
- Useful lives, residual values and amortization method of intangible assets – Note 3.2
- Impairment loss of non-financial assets and financial assets – Note 3.3
- Provision for doubtful receivables – Note 3.4
- Assumptions and estimates used in disclosure and assessment of provision for contingencies - Note 3.11
- Estimation of contingent liabilities and assets - Note 3.12 & 3.13
- Current income tax expense, provision for current tax and recognition of deferred tax asset - Note 3.14

The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment loss (if any). The cost of an item of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to current year's income as and when incurred, while major renewals and improvements are capitalized if it is probable that the respective future economic benefits will flow to the Society and the cost of the item can be measured reliably, and asset so replaced, if any, are retired.

Depreciation is charged using the reducing balance method on all property and equipment at rates specified in note 5 to the financial statements. Depreciation is charged from the date the asset is available for use up to the date of disposal / deletion of the assets.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of income and expenditure.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

### **3.2 Intangible**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the reducing balance method at the rates specified in note 6 to the financial statements. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

### **3.3 Impairment**

#### **3.3.1 Impairment in financial assets**

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably. The impairment loss is recognized immediately in the statement of income and expenditure and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

#### **3.3.2 Impairment in non-financial assets**

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Society recognises the reversal immediately in the statement of income and expenditure, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### **3.4 Advances, prepayments and other receivables**

Advances, prepayments and other receivable are recognised at transaction price less an allowance for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of income and expenditure. Bad debts are written-off in the statement of income and expenditure on identification.

The allowance for doubtful debts of the Society is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate

realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

### 3.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purpose of cash flow statement, cash and cash equivalents comprise of bank balances only.

### 3.6 Deferred contribution

Restricted contributions for expenses of one or more future periods deferred and recognized as revenue in the same period or periods as the related expenses are recognized. While the contributions restricted for the purchase of capital assets amortized to match such contributions with the benefits provided by the capital assets acquired. Such contributions recognized as revenue over the useful life of the acquired capital asset to reflect the fact that the contribution provides benefits in all the periods in which the organization has the use of the capital asset.

### 3.7 Creditors, accrued and other liabilities

Creditors, accrued and other liabilities are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

### 3.8 Foreign currency translation

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

### 3.9 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Society and revenue can be reliably measured. Revenue is recognised at fair value of consideration received or receivable. Revenue from different sources is recognised on the following basis: Revenue from donation/grant is classified as, either un-restricted or restricted contribution.

#### a) Unrestricted contribution

Unrestricted contribution is a contribution that is neither a restricted contribution nor an endowment contribution and un-restricted contribution is recognized on the following basis.

- Un-restricted contribution is recognized in the statement of income and expenditure on receipt basis; and
- Profit on savings accounts is recognised on accrual basis.

#### b) Restricted contribution

The Society has adopted the deferral fund method for recognition of revenue as disclosed note 11 to the financial statements as prescribed by the ICAP in "Accounting Standard for Not for Profit Organization". A restricted contribution is a contribution subject to externally imposed stipulations that specify the purpose for which the contributed asset is to be used. A contribution restricted for the purchase of a capital asset or a contribution of the capital asset itself is a type of restricted contribution.

Grant from funding bodies for which the related restrictions remain unfulfilled is accumulated as deferred contributions and recognized as revenue in the same period or periods as the related expenses are recognized.

### **3.10 Expenditure**

Expenses that are incurred in the normal operations of the Society are classified as "Program expense". All expenditures that relate to a project funded by the donors are charged to "Project Expenditure".

### **3.11 Provisions**

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that the Society will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of income and expenditure.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision are recognised in the statement of income and expenditure unless the provision was originally recognised as part of cost of an asset.

### **3.12 Contingent liabilities**

A contingent liability is disclosed when the Society has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Society; or the Society has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### **3.13 Contingent assets**

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society. Contingent assets are not recognised until their realisation become virtually certain.



### 3.14 Taxation

The Society falls under the definition of “Non-profit Organization” under section 2 (36) of Income Tax Ordinance, 2001 (“the Ordinance”) and tax payable is subject to 100% tax credit under section 100C of the Ordinance. Therefore, no provision has been recognized in these financial statements.

### 3.15 Staff retirement benefits

#### Defined contribution Plan

The Society operates a recognized provident fund for all its permanent employees. Equal monthly contributions are made to the fund both by the Society and the employees at the rate of 10 percent of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the statement of income and expenditure as and when incurred. Employees are eligible under the Fund on completion of prescribed qualifying period of service.

### 3.16 Accumulated fund

Fund that is not subject to donor-imposed restrictions, normally used to meet the working capital requirements of/or for welfare of the Society. Surplus, if any, for the year in the statement of income and expenditure and surplus, if any, remaining in the restricted funds on completion of specific donor funded project may be transferred to restricted and un-restricted fund at the discretion of the management of the Society and donor of funding projects respectively.

### 3.17 Related party transactions

Transactions with related parties are based on arm’s length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

### 3.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.18.1 Financial assets

The Society classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Society’s loans and receivables comprise “Long term security deposits”, “Advances, prepayments and other receivables” and “Bank balances” in the statement of financial position.

#### Recognition and measurement

All financial assets are recognized at the time when the Society becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Society commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the right to receive cash flows from the assets have expired or have been transferred and the Society has transferred substantially

all the risks and rewards of ownership. Loans and receivables are carried at amortized cost using the effective interest rate method.

### 3.18.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include "Creditors, accrued and other liabilities".

#### Recognition and measurement

Financial liabilities are initially recognised at fair value less any directly attributable transaction costs and subsequently stated at amortised cost using effective interest rate method. All financial liabilities are recognised at the time when the Society becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of income and expenditure.

### 3.18.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Society intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

## 4. DETAIL OF THE PROJECTS

The major projects of the Society falling under the definition of restricted funds are as follows:

### 4.1 UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND (UNICEF)

**Accelerated Sanitation & Water for All- II (ASWA-II) Ahmadpur Sial, District Jhang, Punjab – May 01, 2018 to April 30, 2020**

The main objective of this project is to improve health, nutrition, and well-being of poor and vulnerable people in the target district, especially women and girls. Key expected results in Tehsil Ahmad Pur Sial, District Jhang under this project is follows:

- a) **Sanitation:** 161,844 (additional) people gain sustained access to basic sanitation.
- b) **Hygiene:** 351,834 people (men, women, boys & girls) including the most vulnerable in Tehsil, live in Open Defecation Free (ODF) environment and practice hand washing with soap.

### 4.2 DEVELOPMENT ALTERNATIVES INCORPORATED (DAI)

**Women Peace League (WPL) – March 21, 2019 to November 21, 2019**

The main objective of this project was the formation of four women cricket team sport societies comprising of 120 women students in the targeted universities of Multan and Bahawalpur and has been closed during the year.

#### **Tameer-e-Amn (TeA) – November 28, 2018 to July 05, 2019**

The main objective of this project was peace promotion work on the Bahauddin Zakariya University Multan (BZU) campus through the existing Peace Club started under the PERSI program and by establishing 10 departmental level peace clubs at BZU has closed during the year.

#### **Let Peace Prevail (LPP-II) –December 16, 2019 to July 15, 2020**

The main objective of this project is to seek capacitate peace club at BZU and formation of new peace at IUB for enhanced tolerance, peace, inclusiveness and diversity. The grantee will scale up 10 existing peace club at BZU and form 06 new peace club at Bahawalpur. Total 560 students and 80 faculty members from 16 department will be involved in grant activity.

#### **4.3 CONCERN WORLDWIDE (CWW)**

##### **Community Based Disaster Risk Management component of the Building Disaster Resilience in Pakistan (CBDRM/BDRP) – November 1, 2018 to April 30, 2020**

The main objective of this project is to strengthen community and household resilience to emergencies and disasters in District Jhang, Punjab province.

#### **4.4 PUNJAB SKILL DEVELOPMENT FUND (PSDF)**

##### **Vocational Training – November 26, 2019 to June 30, 2020**

The main objective of this project is to provide Livestock Management training to trainees in District Rahim Yar Khan has been closed during the year.

#### **4.5 BRITISH COUNCIL**

##### **Aawaz-II – March 01, 2020 to May 31, 2022**

The main objective of this project is to create a more protective and enabling environment for girls, boys, women, youth, minorities, the differently abled and those at risk of exclusion and exploitation.

The programme will work with civil society organizations to implement the community-based interventions in 45 selected districts of two provinces (Punjab and KP).



5. Property and equipment  
Un-restricted  
Restricted

Note	2020 Rupees	2019 Rupees
5.1	6,153,526	8,762,586
5.2	940,210	1,813,985
	<u>7,093,736</u>	<u>10,576,571</u>

5.1 Un-restricted  
5.1.1 Reconciliation of ending balances by classes of assets is as follows:

Particulars	Cost				Accumulated depreciation				Carrying amount as at 30-06-2020	
	As at July 01, 2019	Transfer to restricted fund-net	Addition	(Deletion)	As at July 01, 2019	Transfer to restricted fund-net	Charge for the year	(Deletion)		
Cameras	306,276	26,000	-	-	260,027	10,567	13,875	-	284,469	47,807
Computers	3,258,770	470,430	314,532	(50,500)	1,416,569	169,744	600,080	(11,699)	2,174,694	1,818,538
Electric equipment	1,579,541	191,150	38,950	-	595,877	43,816	202,320	-	842,013	967,628
Furniture and fixture	3,552,649	52,770	97,185	-	1,370,168	9,591	227,301	-	1,607,060	2,095,544
Office equipment	2,025,538	81,150	-	-	1,063,408	11,508	96,213	-	1,171,129	935,559
Sewing machine	3,659,189	-	-	(3,659,189)	1,257,815	-	147,833	(1,405,648)	-	-
Sign boards	46,850	-	-	-	41,991	-	972	-	42,963	3,887
Survey instruments	309,813	-	-	-	285,257	-	4,911	-	290,168	19,645
Vehicles	371,768	-	-	-	199,042	-	34,545	-	233,587	138,181
Mono Block Pump	14,863	-	-	-	10,144	-	944	-	11,088	3,775
Desligning instrument	131,322	-	-	-	122,298	-	1,805	-	124,103	7,219
Sports equipment	166,000	-	-	-	37,397	-	12,860	-	50,257	115,743
	<u>15,422,579</u>	<u>821,500</u>	<u>450,667</u>	<u>(3,709,689)</u>	<u>6,659,993</u>	<u>245,226</u>	<u>1,343,659</u>	<u>(1,417,347)</u>	<u>6,831,531</u>	<u>6,153,526</u>

5.1.2 Depreciation for the year has been charged to general and administrative expense.

5.2 Restricted

5.2.1 Reconciliation of ending balances by classes of assets is as follows:

Particulars	Cost				Accumulated depreciation				Carrying amount as at 30-06-2020	
	As at July 01, 2019	Transfer from unrestricted fund-net	Addition	(Deletion)	As at July 01, 2019	Transfer from unrestricted fund-net	Charge for the year	(Deletion)		
Cameras	140,232	(26,000)	-	-	15,630	(10,567)	37,381	-	42,444	71,788
Computers	1,088,282	(470,430)	85,000	-	252,752	(169,744)	266,978	-	349,986	352,866
Electric equipment	406,121	(191,150)	38,900	-	134,538	(43,816)	58,834	-	149,556	104,315
Furniture and fixture	744,146	(52,770)	-	-	271,079	(9,591)	47,311	-	308,799	382,577
Office equipment	113,550	(81,150)	-	-	4,347	(11,508)	10,897	-	3,736	28,664
	<u>2,492,331</u>	<u>(821,500)</u>	<u>123,900</u>	<u>-</u>	<u>678,346</u>	<u>(245,226)</u>	<u>421,401</u>	<u>-</u>	<u>854,521</u>	<u>940,210</u>

5.2.2 Depreciation for the year has been charged to relevant project expense.

## 5.3 Un-restricted

## 5.3.1 Reconciliation of beginning balances by classes of assets is as follows:

Particulars	Cost				Accumulated depreciation				Carrying amount as at 30-06-2019			
	As at July 01, 2018	Transfer from restricted fund	Additions	Deletion	As at June 30, 2019	Rate	As at July 01, 2018	Transfer from restricted fund		Charged for the year	Adjustment	As at June 30, 2019
	Ruppes	Ruppes	Ruppes	Ruppes	Ruppes	Rate	Ruppes	Ruppes	Ruppes	Ruppes	Ruppes	Ruppes
Cameras	282,408	(78,000)	101,868	-	306,276	30%	246,203	-	13,824	-	260,027	46,249
Computers	2,987,723	(224,250)	1,453,277	(957,980)	3,258,770	30%	2,132,410	(129,150)	337,418	(924,109)	1,416,569	1,842,201
Electric equipment	1,167,242	(240,671)	652,970	-	1,579,541	20%	576,861	(97,530)	116,546	-	595,877	983,664
Furniture and fixture	3,537,320	(470,683)	486,012	-	3,552,649	10%	1,403,520	(236,565)	203,213	-	1,370,168	2,182,481
Office equipment	1,970,538	(32,400)	87,400	-	2,025,538	10%	961,628	-	101,780	-	1,063,408	962,130
Sewing machine	3,659,189	-	-	-	3,659,189	10%	990,996	-	266,819	-	1,257,815	2,401,374
Sign boards	46,850	-	-	-	46,850	20%	40,776	-	1,215	-	41,991	4,859
Survey instruments	301,813	-	8,000	-	309,813	20%	280,789	-	4,468	-	285,257	24,556
Vehicles	2,146,842	-	99,000	(1,874,074)	371,768	20%	1,620,347	-	25,603	(1,446,908)	199,042	172,726
Mono Block Pump	14,863	-	-	-	14,863	20%	8,964	-	1,180	-	10,144	4,719
Desligning instrument	131,322	-	-	-	131,322	20%	120,042	-	2,256	-	122,298	9,024
Sports equipment	166,000	-	-	-	166,000	10%	23,108	-	14,289	-	37,397	128,603
	16,412,110	(1,046,004)	2,888,527	(2,832,054)	15,422,579		8,405,644	(463,245)	1,088,611	(2,371,017)	6,659,993	8,762,586

## 5.4 Restricted

## 5.4.1 Reconciliation of beginning balances by classes of assets is as follows:

Particulars	Cost				Accumulated Depreciation				Carrying amount as at 30-06-2019			
	As at July 01, 2018	Transfer to unrestricted fund	Addition	Deletion	As at June 30, 2019	Rate	As at July 01, 2018	Transfer to unrestricted fund		Charge for the year	Adjustment	As at June 30, 2019
	Ruppes	Ruppes	Ruppes	Ruppes	Ruppes	Rate	Ruppes	Ruppes	Ruppes	Ruppes	Ruppes	Ruppes
Cameras	-	78,000	62,232	-	140,232	30%	-	-	15,630	-	15,630	124,602
Computers	-	224,250	864,032	-	1,088,282	30%	-	129,150	123,602	-	252,752	835,530
Electric equipment	-	240,671	165,450	-	406,121	20%	-	97,530	37,008	-	134,538	271,583
Furniture and fixture	-	470,683	273,463	-	744,146	10%	-	236,565	34,513	-	271,079	473,067
Office equipment	-	32,400	81,150	-	113,550	10%	-	-	4,347	-	4,347	109,203
	-	1,046,004	1,446,327	-	2,492,331		-	463,245	215,100	-	678,346	1,813,985

	Note	2020 Rupees	2019 Rupees
<b>6. Intangible assets</b>			
<b>Net carrying value basis:</b>			
As at 01 July		422,987	293,465
Addition during the year		-	195,085
Amortization for the year	6.2	(84,597)	(65,563)
<b>Carrying amount as at 30 June</b>		<b>338,390</b>	<b>422,987</b>
<b>Gross carrying value basis:</b>			
Cost		754,135	754,135
Accumulated amortization		(415,745)	(331,148)
<b>Carrying amount as at 30 June</b>		<b>338,390</b>	<b>422,987</b>
Useful life (Percentage)		20%	20%
6.2 Amortization for the year has been charged to general and administrative expenses.			
<b>7. Long term security deposits</b>			
- against supplier		20,000	120,000
- against building		100,000	200,000
	7.1	120,000	320,000
Less: Current maturity of securities deposit classified under current assets		-	(100,000)
		120,000	220,000
7.1 These deposits are non interest bearing.			
<b>8. Advances, prepayments and other receivables</b>			
Advances to employees-secured			
-against expenses		311,849	153,213
-against salaries		160,463	109,612
	8.1	472,312	262,825
Income tax refundable		1,598,929	1,152,377
Service charges receivable	8.2	4,537,590	6,380,274
Grants receivable	8.3	-	5,288,468
Due from associated companies	8.4	419,891	453,551
Security deposits	8.5	375,501	1,087,561
Prepayments		539,381	681,770
Other receivables		625,196	345,736
		<b>8,568,800</b>	<b>15,652,562</b>
8.1 This represents advances provided to employees of the Society to meet projects expenses and are settled as and when the expenses are incurred.			
8.2 This represents services rendered by the Society to Punjab Skills Development Fund against completion of vocational training during the year 2019.			
8.3 This represents receivable from Development Alternatives Incorporated (DAI) upon completion of 7th milestone of project "Tameer-e-Amn" and 2nd milestone of project "Women Peace League"			

	Note	2020 Rupees	2019 Rupees
<b>8.4 Due from associated companies</b>			
Grassroots Pakistan		146,800	140,400
ATF Mango Farms (Pvt.) Limited		273,091	313,151
		<u>419,891</u>	<u>453,551</u>
<b>8.5</b>	These presents security deposits paid to the property owners and various suppliers.		
<b>9. Bank balances</b>			
<b>At banks:</b>			
-Current account			
-Deposits with conventional banks	9.1	17,692,848	25,145,753
		<u>17,692,848</u>	<u>25,145,753</u>
<b>9.1 Deposits with conventional banks - Current Account</b>			
Un-Restricted		17,360,982	9,695,075
Restricted		331,866	15,450,678
		<u>17,692,848</u>	<u>25,145,753</u>
<b>10. Deferred contributions related to capital assets</b>			
Balance as at 01 July		1,813,985	-
Addition on purchase of property and equipment	10.1	123,900	2,123,776
Transferred to unrestricted fund		(576,274)	(94,691)
Released to income to the extent of depreciation	10.1	(421,401)	(215,100)
<b>Balance as at 30 June</b>		<u>940,210</u>	<u>1,813,985</u>

**10.1** Reconciliation of the deferred capital contribution at the end of the year is as follows:

Projects' name	Balance as at 01 July, 2019	Capital grant received	Capital grant amortized	Transferred to unrestricted fund	Balance as at 30 June, 2020
	Rupees	Rupees	Rupees	Rupees	Rupees
WPL	309,102	84,900	(105,312)	(288,690)	-
TeA	364,610	-	(77,026)	(287,584)	-
CBDRM	549,444	-	(140,277)	-	409,167
ASWA-II	590,829	-	(98,712)	-	492,117
LPP-II	-	9,000	(74)	-	8,926
AAWAZ-II	-	30,000	-	-	30,000
	<u>1,813,985</u>	<u>123,900</u>	<u>(421,401)</u>	<u>(576,274)</u>	<u>940,210</u>

**10.2** Reconciliation of the deferred capital contribution at the beginning of the year is as follows:

Projects' name	Balance as at 01 July, 2018	Capital grant received	Capital grant amortized	Transferred to unrestricted fund	Balance as at 30 June, 2019
	Rupees	Rupees	Rupees	Rupees	Rupees
WPL	-	425,937	(22,144)	(94,691)	309,102
TeA	-	405,354	(40,744)	-	364,610
CBDRM	-	615,034	(65,590)	-	549,444
ASWA-II	-	677,451	(86,622)	-	590,829
	-	<u>2,123,776</u>	<u>(215,100)</u>	<u>(94,691)</u>	<u>1,813,985</u>

Note	2020 Rupees	2019 Rupees
11.1	<u>871,835</u>	<u>13,416,089</u>

### 11. Deferred contributions related to expenses of future periods

11.1 Reconciliation of the deferred revenue contribution at the end of the year is as follows:

Projects' name	Balance as at 01 July, 2019	Inters fund transfer	Fund received-net	Release to revenue	Fund utilized for capital expenditure	Adjustment of closed projects	Balance as at 30 June, 2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
WPL	2,765,376	-	5,748,020	(8,393,923)	(84,900)	(34,573)	-
TeA	1,948,209	-	-	-	-	(1,948,209)	-
CBDRM	78,084	-	59,775,374	(59,167,054)	-	-	<b>686,404</b>
ASWA-II	8,624,420	28,173	33,948,385	(41,368,451)	-	-	<b>1,232,527</b>
LPP-II	-	1,828,322	4,655,347	(7,068,251)	(9,000)	-	<b>(593,582)</b>
AAWAZ-II	-	(200,974)	-	(222,540)	(30,000)	-	<b>(453,514)</b>
	<u>13,416,089</u>	<u>1,655,521</u>	<u>104,127,126</u>	<u>(116,220,219)</u>	<u>(123,900)</u>	<u>(1,982,782)</u>	<u>871,835</u>

11.2 Reconciliation of the deferred revenue contribution at the beginning of the year is as follows:

Projects' name	Balance as at 01 July, 2018	Inters fund transfer	Fund received-net	Release to revenue	Fund utilized for capital expenditure	Adjustment of closed projects	Balance as at 30 June, 2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
WPL	-	912,674	4,702,925	(2,518,977)	(331,246)	-	2,765,376
TeA	-	(133,858)	8,930,430	(6,443,009)	(405,354)	-	1,948,209
CBDRM	-	100,889	17,147,676	(16,555,447)	(615,034)	-	78,084
ASWA-II	5,708,552	1,077,111	65,124,001	(62,607,793)	(677,451)	-	8,624,420
	<u>5,708,552</u>	<u>1,956,816</u>	<u>95,905,032</u>	<u>(88,125,226)</u>	<u>(2,029,085)</u>	<u>-</u>	<u>13,416,089</u>

### 12. Payable to suppliers

Goods		307,250	976,611
Services / contractors		<u>4,994,133</u>	<u>3,248,401</u>
		<u>5,301,383</u>	<u>4,225,012</u>

### 13. Accrued and other liabilities

Salaries payable		3,686,843	4,870,659
Income tax payable		74,533	104,442
Provident fund payable		322,170	335,934
Payable to employees		454,160	263,739
Provisional sales tax payable		44,452	257,686
Other payable		481,260	789,172
		<u>5,063,418</u>	<u>6,621,632</u>

### 14. Contingencies and commitments

The Society is not exposed to any contingencies and commitments as on reporting date (2019: Nil).

### 15. Other income

(Loss) / gain on disposal of property and equipment		(747,861)	888,362
Service charges		8,990,501	20,071,115
Miscellaneous income		191,054	753,173
		<u>8,433,694</u>	<u>21,712,650</u>

### 16. Donations

Related parties		50,800,000	56,400,000
Corporate sectors		18,000,000	6,000,000
Others		21,000,000	11,629,974
		<u>89,800,000</u>	<u>74,029,974</u>

17. Project expense

Revenue contributions released to income

	Revenue contributions released to income											
	(WPL)-DAI		(TeA)-DAI		PSDF-RYK		PHED		(CBDRM)-CWV		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Program cost</b>												
Honorarium of Community Research Persons	115,000	-	-	460,347	-	54,500	-	-	6,132,800	862,800	6,247,800	1,377,647
Response to COVID-19	-	-	-	-	-	-	-	-	187,180	-	187,180	-
Activities under WASH	-	-	-	-	-	-	-	-	7,592,433	-	7,592,433	-
Education and training	2,090,061	706,191	-	2,334,629	473,721	1,822,380	277,190	375,375	10,844,386	10,187,745	13,685,358	15,426,320
Open Defecation Free communities	-	-	-	-	-	-	-	-	-	-	-	-
Activities under Livelihood	-	-	-	-	-	-	-	-	18,165,585	-	19,369,935	-
Rent, rate and taxes	210,000	-	-	-	1,204,350	-	74,272	-	307,800	-	2,335,054	-
Vehicle running and maintenance	782,703	188,889	-	341,754	1,742,982	-	66,889	137,747	5,425,090	590,077	7,287,464	2,531,711
Project management cost	2,852,167	1,406,249	-	2,815,099	1,012,782	1,273,244	208,500	388,400	9,435,304	3,820,291	14,180,229	12,511,572
Activities under Peace Building	1,875,211	-	-	-	1,684,258	4,081,533	-	-	-	-	1,875,211	-
Monitoring and evaluation	-	-	-	-	-	-	-	-	-	-	-	-
Meeting expense	-	7,400	-	-	-	-	-	-	-	-	-	7,400
	7,925,142	2,308,729	-	5,951,829	6,118,093	7,231,657	626,851	901,522	58,090,578	15,460,913	72,760,664	31,854,650
	<b>(ASWA-II)-UNICEF LET PEACE PREVAIL AWAZ-II Total</b>											
	2020	2019	2020	2019	2020	2019	-	-	-	-	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	-	-	-	-	Rupees	Rupees
Honorarium of Community Research Persons	4,308,156	2,541,234	50,968	-	21,640	-	-	-	-	-	4,380,764	2,541,234
Response to COVID-19	-	-	-	-	-	-	-	-	-	-	-	-
Activities under WASH	1,363,096	-	-	-	-	-	-	-	-	-	1,363,096	-
Education and training	160,129	7,451,972	1,747,983	-	-	-	-	-	-	-	1,908,112	7,451,972
Open Defecation Free communities	4,734,100	5,283,200	-	-	-	-	-	-	-	-	4,734,100	5,283,200
Activities under Livelihood	-	-	-	-	-	-	-	-	-	-	-	-
Rent, rate and taxes	500,000	-	243,000	-	18,000	-	-	-	-	-	761,000	-
Vehicle running and maintenance	9,704,627	11,253,142	505,328	-	16,500	-	-	-	-	-	10,226,455	11,253,142
Project management cost	19,945,852	34,056,703	3,876,087	-	140,000	-	-	-	-	-	23,961,939	34,056,703
Activities under Peace Building	-	-	234,131	-	-	-	-	-	-	-	234,131	-
Monitoring and evaluation	-	650,390	-	-	-	-	-	-	-	-	-	650,390
Meeting expense	-	-	-	-	-	-	-	-	-	-	-	-
	40,715,960	61,236,641	6,657,497	-	196,140	-	-	-	-	-	47,569,597	61,236,641
	<b>Total program cost</b>											
	48,641,102	63,545,370	6,657,497	5,951,829	6,314,233	7,231,657	626,851	901,522	-	-	120,330,261	93,091,291



Note	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
<b>18. Program expense</b>	<b>Program cost</b>		<b>General and administrative expense</b>	
Community Development Works	4,609,726	13,854,244	-	-
Response to COVID-19	30,584,185	-	-	-
Staff Welfare & Capacity Building	311,799	-	-	-
Green and Clean Lodhran campaign	4,983,817	3,749,308	-	-
Salaries, allowances and other benefits	-	-	6,560,750	5,368,947
Program management cost	29,545,018	16,795,083	-	-
Stipend and honorarium	324,000	22,500	-	-
Security services	539,400	501,120	-	-
Vehicle running and maintenance	5,261,877	2,316,784	293,558	213,170
Rent, rate and taxes	910,460	865,150	-	-
Utilities	741,381	688,017	-	-
Printing, stationary and periodicals	457,278	223,501	69,263	36,796
Professional fee	2,516,270	1,447,848	-	6,050
Depreciation of property & equipment	5	-	1,343,659	1,088,611
Amortization of intangible assets	6	-	84,597	65,563
Entertainment	537,109	652,310	-	-
Travelling and conveyance	731,330	942,338	6,754	70,205
Repair and maintenance	897,326	434,187	54,680	211,376
Audit fee and related expense	-	-	498,924	498,879
Miscellaneous expenses	205,033	382,607	-	29,000
Bank charges	-	-	51,969	243,114
Postage, stamps and courier charges	-	-	31,752	33,523
Insurance	593,215	282,379	35,018	-
Communication	917,000	759,736	104,227	28,900
Social media support service	747,348	1,137,130	-	-
Donation to Projects	18.1	1,777,639	13,890,751	-
		<b>87,191,211</b>	<b>58,944,993</b>	<b>9,135,151</b>
				<b>7,894,134</b>

18.1 This represents the Society's share cost contributed during the year to ASWA-II & CBDRM as per Programme Completion Agreement (PCA) in the form of salaries, fix assets and supplies.

#### 19. Financial instruments

	Note	Financial assets		Financial liabilities	
		Amortized cost		Amortized cost	
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
Long term security deposits	7	120,000	220,000	-	-
Advances, prepayments and other receivables	8	5,958,178	13,555,590	-	-
Bank balances	9	17,692,848	25,145,753	-	-
Payable to suppliers	12	-	-	5,301,383	4,225,012
Accrued and other liabilities	13	-	-	5,063,776	6,621,632
		<b>23,771,026</b>	<b>38,921,343</b>	<b>10,365,159</b>	<b>10,846,644</b>



## 20. Transactions with related parties

Related Parties comprise of the members of the Society, management and the companies and/or entities where members hold directorship. Balances and transactions between the Society and projects managed and undertaken by Society are related parties and have been eliminated on combination and are not disclose in this note. Amounts due from and to related parties are shown under respective notes of these financials statement. Other significant transactions between the Society and other related parties are disclosed below:

Nature of relationship	Nature of transactions	2020	2019
		Rupees	Rupees
I. Associates	Expenses incurred / payments by the Society on behalf of associated undertaking	-	865,537
	Amount received / adjusted by the Society on behalf of associated undertaking	-	688,025
	<b>Donation received from:</b>		
	ATF Mango Farms (Pvt.) Ltd	16,300,000	16,000,000
	JK Dairies (Pvt.) Limited	-	18,400,000
	JK Sugar Mills (Pvt.) Limited	29,000,000	6,500,000
	AKT Sugar Mills (Pvt.) Ltd.	-	9,500,000
II. Key management personnel	Salaries and other benefits	15,131,386	13,508,234
	Provident fund contribution	536,292	283,272
III. Other related parties	Donation received	5,500,000	6,000,000
IV. Staff retirement benefits	Society contribution charged	2,008,807	1,809,755
	Society contribution paid	1,853,826	1,779,453

20.1 All transactions with related parties have been carried out on mutually agreed terms and conditions.

20.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society directly or indirectly. The Society considers all members of the Managing Committee, Secretary, Finance Secretary, Officers and other person fulfilling the senior management functions as its key management personnel.

## 21. Impact of COVID-19 on the financial statements

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 outbreak developed rapidly thereafter with a significant number of cases reported globally. The pandemic has resulted in consequences on health, society and on economy affecting the earnings and cash flows of businesses. After the announcement of lock downs by the government authorities it resulted in closure of business operations except for specifically exempted industries. Lodhran Pilot Project prepared an emergency response program for COVID-19, to implement the plan the LPP collected donations from philanthropists and funding entities amounting to more than Rs 31.0 million. The money was used to distribute food ration to 11,000 deserving families, 86 hand washing stations were set up at various public places, district governments in two cities were provided with PPE suits and other medical and hygiene supplies. In addition to this awareness campaigns were carried out on radio and social media regarding protection from COVID – 19.

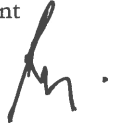
**22. General**

Correspondence figures have been re-arranged and reclassified, wherever necessary, for better presentation and disclosure.

<b>Reclassification / Rearrangement from component</b>	<b>Reclassification / Rearrangement to component</b>	<b>Amount Rupees</b>
<b>Program expense</b>	<b>Program expense</b>	
Dairies development Activities under WASH Sport program by TSA	Community Development Works	13,854,244

**23. Date of authorization for issue****07 DEC 2020**

These financial statements were authorized for issue on \_\_\_\_\_ by the Management Committee of the Society.



**PRESIDENT**

**FINANCE SECRETARY**