KPMG Taseer Hadi & Co.
Chartered Accountants

Strengthening Participatory Organization

Financial Statements

For the year ended

30 June 2020

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

INDEPENDENT AUDITORS' REPORT

To the members of Strengthening Participatory Organization

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Strengthening Participatory Organization (the Company), which comprise the statement of financial position as at 30 June 2020, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to explanations given to us, the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the deficit, other comprehensive loss, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter - comparative information

We draw attention to Note 37 to the financial statements which indicates that the comparative information presented as at and for the year ended 30 June 2020 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

KPMG Taseer Hadi & Co.

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

Other Matters relating to comparative information

- The financial statements of the Company as at and for the year ended 30 June 2019 excluding the adjustments described in Note 37 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 8 October 2019.

- As part of our audit of the financial statements as at and for the year ended 30 June 2020, we audited the adjustments described in Note 37 that were applied to restate the comparative information presented as at and for the year ended 30 June 2019. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 30 June 2019, other than with respect to the adjustments described in Note 37 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 37 are appropriate and have been properly applied.

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

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 17 December 2020

Strengthening Participatory Organization
Statement of financial position
As at 30 June 2020

	Note	2020 Rupees	2019 Rupees (Restated)
ASSETS			
Property and equipment	6	137,843,411	157,285,650
Investment properties	7	71,589,216	50,010,999
Intangible assets	8	273,543	-
Long term deposit		-	300,000
NON-CURRENT ASSETS		209,706,170	207,596,649
Advances	9	481,355	182,419
Deposits and prepayments	10	2,719,535	2,247,244
Tax refunds due from the government	11	33,091,010	13,089,050
Grants receivable	12	12,008,374	21,441,423
Other receivables	13	4,079,476	25,025,471
Interest accrued		190,904	451,438
Short-term investments	14	136,432,524	130,000,000
Cash and bank balances	15	45,861,774	51,560,973
CURRENT ASSETS		234,864,952	243,998,018
TOTAL ASSETS		444,571,122	451,594,667
FUNDS AND RESERVES			
Unrestricted funds		304,308,189	328,818,971
Capital reserve - revaluation surplus on property	16	93,149,072	93,462,931
TOTAL FUNDS AND RESERVES		397,457,261	422,281,902
LIABILITIES			
Deferred capital grants	17	2,142,326	1,458,293
Deferred grants against operating activities	18	36,474,245	11,440,687
NON-CURRENT LIABILITIES		38,616,571	12,898,980
Accrued and other liabilities	19	8,497,290	16,413,785
CURRENT LIABILITIES		8,497,290	16,413,785
TOTAL LIABILITIES		47,113,861	29,312,765
TOTAL FUNDS, RESERVE AND LIABILITIES		444,571,122	451,594,667
CONTINGENCIES AND COMMITMENTS	20		

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Strengthening Participatory Organization

Income and expenditure statement

For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees (Restated)
INCOME			
Grant income	21	130,539,768	197,704,904
EXPENDITURE			
Programme activities:			
Programme expenses	22	(165,364,757)	(235,907,857)
Grants to Community Based Organizations (CBOs) / others	23	(2,610,264)	(3,352,200)
		(167,975,021)	(239,260,057)
Administrative expenses	24	(15,599,842)	(17,998,279)
Reversal/ (Allowance) for expected credit loss	12.1	2,993,176	(729,324)
		(12,606,666)	(18,727,603)
OTHER INCOME	25	25,217,278	25,585,393
DEFICIT FOR THE YEAR		(24,824,641)	(34,697,363)
Taxation	26	-	(93,432)
NET DEFICIT FOR THE YEAR		(24,824,641)	(34,790,795)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Strengthening Participatory Organization

Statement of comprehensive income

For the year ended 30 June 2020

	2020 Rupees	2019 Rupees (Restated)
NET DEFICIT FOR THE YEAR	**(24,824,641)**	(34,790,795)
Other comprehensive income for the year	-	47,288,543
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(24,824,641)**	12,497,748

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Strengthening Participatory Organization

Statement of cash flows

For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Deficit for the year		**(24,824,641)**	(34,790,795)
Adjustment for:			
Depreciation	24	**2,843,405**	3,716,999
Amortization	24	**87,967**	141
Gain on sale of property and equipment	25	**(1,203,724)**	(223,681)
Unrealized exchange loss / (gain)	25	**(8,944)**	(603,311)
Gain on revaluation of investment property	25	**(3,994,236)**	(6,802,200)
Return on term deposit receipts	25	**(13,962,366)**	(6,410,959)
Return on saving accounts	25	**(3,245,712)**	(7,605,593)
Return on mutual funds	25	**(539,089)**	-
Donation in kind	25	**-**	(2,018,500)
Grant receivables written-off	24	**-**	145,410
Reversal /(allowance) for expected credit loss	12.1	**(2,993,176)**	729,324
Provision against doubtful other receivables	24	**1,301,836**	-
Provision against doubtful grant receivable	24	**2,241,978**	-
Grant income	21	**(130,539,768)**	(197,704,904)
		(150,011,829)	(216,777,274)
Changes in:			
Advances		**(298,936)**	(104,681)
Long term deposit		**300,000**	-
Deposits and prepayments		**(472,291)**	911,999
Other receivables		**19,644,159**	(3,996,285)
Accrued and other liabilities		**(7,916,495)**	(3,413,003)
Cash used in operations		**11,256,437**	(6,601,970)
Advance tax paid		**(20,001,960)**	(3,871,241)
Grants received	18	**172,628,125**	173,500,098
Amount refunded to donors	18	**(1,020,540)**	(762)
Payment on behalf of donor	18	**(6,631,579)**	(291,788)
		144,974,046	169,336,307
Net cash used in operating activities		**(18,605,987)**	(88,833,732)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(138,500)**	-
Purchase of intangible assets	8	**(361,510)**	-
Proceeds from sale of property and equipment		**1,822,677**	306,228
Return on Term Deposit Receipts	25	**14,222,900**	13,593,547
Return on saving accounts	25	**3,245,712**	-
Return on mutual funds	25	**539,089**	-
Net cash generated from investing activities		**19,330,368**	13,899,775
NET CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**724,381**	(74,933,957)
CASH AND CASH EQUIVALENTS AT 1 JULY		**181,560,973**	255,891,619
Effect of exchange rate changes	25	**8,944**	603,311
CASH AND CASH EQUIVALENTS AT 30 JUNE	27	**182,294,298**	181,560,973

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Strengthening Participatory Organization

Statement of changes in funds and reserves

For the year ended 30 June 2020

	UNRESTRICTED FUNDS				CAPITAL RESERVE	
	SPO Receipts (Note 28)	SPO Training Units (Note 29)	Vehicle Reserve Fund (Note 30)	Sub-total Funds	Revaluation surplus on property (Note 16)	Total
	-----------Rupees-----------					
Balance as at 30 June 2018	213,968,999	76,580,934	74,954,634	365,504,567	46,543,439	412,048,006
Effect of adoption of IFRS 9	(2,263,852)	-	-	(2,263,852)	-	(2,263,852)
Balance as at 01 July 2018	211,705,147	76,580,934	74,954,634	363,240,715	46,543,439	409,784,154
Total comprehensive income						
Net deficit for the year (restated- note 37)	(35,100,446)	755,607	(445,956)	(34,790,795)	-	(34,790,795)
Other comprehensive income	-	-	-	-	47,288,543	47,288,543
	(35,100,446)	755,607	(445,956)	(34,790,795)	47,288,543	12,497,748
Transferred to unrestricted funds on account of incremental depreciation	369,051	-	-	369,051	(369,051)	-
Balance at 30 June 2019 (restated)	176,973,752	77,336,541	74,508,678	328,818,971	93,462,931	422,281,902
Balance as at 01 July 2019	**176,973,752**	**77,336,541**	**74,508,678**	**328,818,971**	**93,462,931**	**422,281,902**
Total comprehensive income						
Net deficit for the year	**(23,019,849)**	**90,658**	**(1,895,450)**	**(24,824,641)**	**-**	**(24,824,641)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
	(23,019,849)	**90,658**	**(1,895,450)**	**(24,824,641)**	**-**	**(24,824,641)**
Transferred to unrestricted funds on account of incremental depreciation	**313,859**	**-**	**-**	**313,859**	**(313,859)**	**-**
Balance as at June 2020	**154,267,762**	**77,427,199**	**72,613,228**	**304,308,189**	**93,149,072**	**397,457,261**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

1 THE COMPANY AND ITS OPERATIONS

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

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

Geographical location and addresses of business units

Islamabad Plot no. 18-B/1, 2nd Floor, Chohan Plaza, G-8 Markaz, Islamabad	**Purpose** Head Office
Multan House no. 339 & 340, Block D, Shah Rukn-e-Alam Colony, Multan.	**Purpose** Regional Office
Lahore House No. 594, Block B Faisal Town, Moon Market Lahore	**Purpose** Regional Office
Quetta House no. 58-A ,Near Pak Japan Cultural Center, Jinnah Town, Quetta	**Purpose** Regional Office
Hyderabad Plot no. 158/2, Alamdar Chowk, Grid Station Qasimabad, Hyderabad	**Purpose** Regional Office
Karachi G-22, B/2 Park Lane 5, Clifton, Karachi	**Purpose** Regional Office
Turbat Pasni Road, Turbat	**Purpose** Regional Office
Peshawar 2nd Floor, Al-Kout Tower, Opposite FAW Showroom Peshawar, Near Sarhad University, Ring Road, Peshawar	**Purpose** Regional Office
Shikarpur Kirri Atta Muhammad, Near Mehran marble Factory, Sukpul, Shikarpur	**Purpose** Regional Office

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

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

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

2 STATEMENT OF COMPLIANCE

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

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

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

3 BASIS OF MEASUREMENT

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

3.1 Approved Accounting standards not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

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

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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

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

- Annual Improvements to IFRS standards 2018-2020

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

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

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

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

  The above amendments are effective from annual period beginning on or after 1 July 2020 and are not likely to have an impact on the Company's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Significant accounting estimates and judgments

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

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

Key sources of estimation uncertainty

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

(i) Useful life of property and equipment

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

(ii) Impairment of property and equipment

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

The carrying amounts of property and equipment at 30 June 2020 was Rs. 137,843 thousand (2019: Rs. 157,286 thousand).

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

Revaluation of property

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

(iii) Fair value of investment property

In order to assess the fair value of the investment property, the Company has obtained an independent valuation report. Management believes that the appraised value reflects the true fair value of property in light of current economic situations. The total fair value of investment property at 30 June 2020 amounted to Rs. 71,589 thousand (2019: Rs. 50,011 thousand).

(iv) Impairment losses on financial assets

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

(v) Classification of properties

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

4.2 Property and equipment

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

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

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

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

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

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

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

4.3 Investment property

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

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

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

4.4 Intangibles

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

4.5 Cash and cash equivalents

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

4.6 Funds and reserves

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

4.6.1 SPO Receipts

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

4.6.2 SPO training unit

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

4.6.3 Vehicle reserve fund

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

4.7 Provisions

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

4.8 Staff retirement benefits - Defined contribution plan

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

4.9 Taxation

Previously, SPO obtained the registration as a "non-profit organization" under section 2(36) of the Income Tax Ordinance, 2001 (the Ordinance) from the Commissioner of Inland Revenue. In the year 2016, owing to a change in rule 214 of the Income Tax Rules, 2002, the Company applied for renewal of this registration, the response for which is awaited.

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

4.10 Revenue recognition

4.10.1 Grant income

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

4.10.2 Grants against operating activities

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

4.10.3 Deferred capital grants

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

4.10.4 Unrestricted contributions

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

4.10.5 Non-monetary grant

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

4.10.6 NPO guideline

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

4.10.7 Profit on savings accounts and short-term investment

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

4.11 Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

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

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment

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

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

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

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

Financial liability

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Derecognition

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

Off-setting of financial instruments

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

4.12 Foreign currency translation

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

4.13 Impairment of non-financial assets

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

4.14 Fair value measurement

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

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

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

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

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

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

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

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

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

4.15 Leases

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

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

5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards which became effective for the current year:

IFRS 16 'Leases'

The Company has adopted IFRS 16 'Leases' with a date of initial application of 01 January 2019. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. Lessor accounting remains similar to previous accounting policies. The Company has elected to avail the exemption related to short term leases as there is no non-cancellable period under any lease except for notice period of two months. Additionally, the related relocation costs are insignificant. The Company recognizes the lease payments associated with these leases as an expense on a straight-line method over the lease term. Accordingly, the adoption of IFRS 16 has no effect on the financial statements of the Company for the year ended 30 June 2020.

6 PROPERTY AND EQUIPMENT

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

	COST / REVALUED AMOUNT							ACCUMULATED DEPRECIATION					WRITTEN DOWN VALUE
	As at 01 July 2018	Additions	Revaluation increase	Disposals	Adjustment on revaluation	As at 30 June 2019	Rate	As at 01 July 2018	Charge for the year	Disposals	Adjustment on revaluation	As at 30 June 2019	As at 30 June 2019
	----Amount in Rupees----						%	----Amount in Rupees----					
30 JUNE 2019													
Freehold land	81,510,616	-	42,063,984	-	-	123,574,600	-	-	-	-	-	-	123,574,600
Building on freehold land	29,876,397	-	5,224,559	-	(4,481,460)	30,619,496	5%	2,987,640	1,493,820	-	(4,481,460)	-	30,619,496
Electrical appliances and equipment	35,643,171	535,450	-	(1,757,654)	-	34,420,967	20%	34,250,540	927,283	(1,741,231)	-	33,436,592	984,375
Vehicles	47,854,578	-	-	-	-	47,854,578	20%	47,832,936	21,642	-	-	47,854,578	-
Computer equipment	39,680,754	1,246,900	-	(2,481,636)	-	38,446,018	33%	38,646,176	768,576	(2,481,420)	-	36,933,332	1,512,686
Furniture and fixtures	14,429,105	236,150	-	(2,555,181)	-	12,110,074	20%	13,499,176	505,678	(2,489,273)	-	11,515,581	594,493
	248,994,621	2,018,500	47,288,543	(6,794,471)	(4,481,460)	287,025,733		137,216,468	3,716,999	(6,711,924)	(4,481,460)	129,740,083	157,285,650

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

6.2 All items of property and equipment disposed-off / sold during the year had an aggregate net book value of less than Rs. 5,000,000.

6.3 The revalued land and buildings consist of land and office properties located in Islamabad, Hyderabad, Multan and Turbat regions of the Company. The management of the Company determined that these constitute two separate classes of assets under IFRS 13 (as disclosed in note 7.4), based on the nature, characteristics and risks of the land and properties.

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

6.5 The fair value of the land and property was determined using the comparable market method. This means that valuations performed by the valuer are based on active market prices, through market inquiries of market rates for similar sized plots in the vicinity, which have significantly been adjusted for differences in the nature, location or condition of the specific property. The valuations of buildings were based on the present costs of construction for a similar structure. As at the date of last revaluation on 30 June 2019, the properties' fair values were based on valuations performed by accredited independent valuers, who were duly registered with the Pakistan Banking Association, as at that date.

6.6 Addition to property and equipment include purchases against donation received from Embassy of the Kingdom Netherlands amounting to Rs.808,000 and Norwegian Church Aid amounting to R. 657,600.

6.7 Freehold land represents land in the name of the Company transferred through registry or allotment/transfer letters. It includes land amounting to Rs. 2,700,000 at Pasni Road, Kech District, Turbat which was allotted by the Revenue Minister Baluchistan for the establishment of Training and Technical Assistance Centre at Turbat.

6.7 Fair value measurement hierarchy of the assets:

	Date of valuation	Total	Significant observable inputs	Significant unobservable inputs
			Amount in Rupees	
			(Level 2)	(Level 3)
Land	30 June 2019	**111,574,600**	**111,574,600**	-
Buildings	30 June 2019	**24,948,646**	**24,948,646**	-
		136,523,246	**136,523,246**	-

6.7.1 Property is stated at fair value, which has been determined based on the valuation performed as at 30 June 2019 and forced sale value of the said property was Rs. 41.6 million.

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

	Total	Land	Buildings
		Amount in Rupees	
2020			
Cost	**68,126,683**	**49,262,981**	**18,863,702**
Accumulated depreciation	**(16,388,368)**	-	**(16,388,368)**
Net carrying amount	**51,738,315**	**49,262,981**	**2,475,334**
2019			
Cost	75,883,363	53,387,981	22,495,382
Accumulated depreciation	(15,445,183)	-	(15,445,183)
Net carrying amount	60,438,180	53,387,981	7,050,199

7 INVESTMENT PROPERTIES

7.1 Qualitative and quantitative disclosures

	2020 Rupees	2019 Rupees
Balance as at 01 July	**50,010,999**	43,208,799
Addition of investment property	**17,583,981**	-
Gain from fair value measurement	**3,994,236**	6,802,200
Balance as at 30 June	**71,589,216**	50,010,999

The Company's investment property consists of properties located in Sector E-11/3, Islamabad and House No 339 and 340, Block D, Shah Rukh-e-Alam Colony, Multan. Management determined that the investment property consists of two classes of assets - land and building - based on the nature, characteristics and risks of the properties.

As at 30 June 2020, the fair value of the property was based on a valuation performed by Impulse (Private) Limited and Evaluation Focused Consulting, accredited independent valuers. The valuations were made by the valuers using the comparative value method in accordance with the recommendations of the Pakistan Banking Association.

The forced sale value of the investment property as at 30 June 2020 amounts to Rs. 60,850,834 (2019: Rs. 42,509,000).

	Note	2020 Rupees	2019 Rupees
Rental income derived from investment property	25	**2,084,750**	1,185,000
Direct operating expenses generating rental income		-	(334,974)
Profit arising from investment properties carried at fair value		**2,084,750**	850,026

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

7.2 Fair value related disclosures

	Land Rupees	Building Rupees	Total Rupees
Reconciliation of fair value:			
As at 1 July 2019	40,000,000	10,011,000	**50,011,000**
Addition of Investment Property	12,000,000	5,583,981	**17,583,981**
Remeasurement recognized in the Income and Expenditure Statement	3,166,666	827,569	**3,994,235**
			-
As at 30 June 2020	55,166,666	16,422,550	71,589,216

7.3 Description of valuation techniques used and key inputs to valuation of Investment Properties

The Company carries its investment properties at fair value, with changes in fair value being recognized in the Income and Expenditure Statement. The Company engaged an independent valuation expert to assess the fair value as at 30 June 2020. For the investment property, a valuation methodology based on the comparative value method was used. The key assumptions used to determine the fair value of the investment properties are as follows:

	Valuation technique	Significant observable	Range (Rental value per sq. per month)	
			2020 Rupees	2019 Rupees
Land and building	Comparative value method	Estimated rental value per sq. per month	177-241	400 - 430

7.4 Fair Value Measurement Hierarchy

Fair value measurement hierarchy for assets as at 30 June 2020:

			Fair value measurement using	
	Date of valuation	Total	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment property				
Land	30 June 2020	55,166,666	55,166,666	-
Building	30 June 2020	16,422,550	-	16,422,550
		71,589,216	55,166,666	16,422,550

		Note	2020 Rupees	2019 Rupees
8	**INTANGIBLE ASSETS**			
	Cost			
	Opening balance		2,070,326	2,070,326
	Additions during the year		361,510	-
			2,431,836	2,070,326
	Accumulated amortization			
	Opening balance		(2,070,326)	(2,070,185)
	Charge for the year	24	(87,967)	(141)
			(2,158,293)	(2,070,326)
	Balance at the 30 June		273,543	-
9	**ADVANCES**			
	To employees:			
	against expenses		465,272	179,002
	against salary		16,083	3,417
			481,355	182,419
10	**DEPOSITS AND PREPAYMENTS**			
	Deposits			
	Deposits		2,315,019	2,132,585
	Less: Long term deposit		-	(300,000)
			2,315,019	1,832,585
	Prepayments			
	Rent	10.1	196,500	332,200
	Insurance		180,728	82,001
	Others		27,288	458
			404,516	414,659
			2,719,535	2,247,244

10.1 This represents prepaid rent for the Head Office of the Company situated in Islamabad and for the business unit in Peshawar.

		Note	2020 Rupees	2019 Rupees
11	**TAX REFUNDS DUE FROM THE GOVERNMENT - NET**			
	Advance income tax		27,536,613	24,707,518
	Provision for taxation	11.1	(11,618,468)	(11,618,468)
	Withholding tax		17,172,865	-
			33,091,010	13,089,050
11.1	Break-up of provision for taxation:			
	- Current year		-	93,432
	- Prior years		11,618,468	11,525,036
			11,618,468	11,618,468

		Note	2020 Rupees	2019 Rupees
12	**GRANTS RECEIVABLE**			
	Grant receivable	18.1	14,250,352	24,434,599
	Allowance for expected credit losses	12.1	-	(2,993,176)
	Provision against doubtful grant receivable		(2,241,978)	-
			12,008,374	21,441,423
12.1	**Allowance for expected credit losses**			
	Opening balance		2,993,176	2,263,852
	Charge for the year		(2,993,176)	729,324
	Closing balance		-	2,993,176

	Note	2020 Rupees	2019 Rupees
13 OTHER RECEIVABLES			
Considered good			
Receivable from employees		38,876	130,853
Receivable from Partner NGOs and donors	13.1	4,496,574	3,159,257
Withholding tax		-	17,172,865
Others		845,862	4,562,496
		5,381,312	25,025,471
Considered doubtful			
Receivable from previous land lord		1,212,759	1,212,759
		6,594,071	26,238,230
Provision against doubtful other receivables	13.2	(2,514,595)	(1,212,759)
		4,079,476	25,025,471

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

	Note	2020	2019
13.2 Provision against doubtful other receivables			
Opening balance		1,212,759	1,212,759
Charge for the year	24	1,301,836	-
Closing balance		2,514,595	1,212,759

	Note	2020 Rupees	2019 Rupees
14 SHORT-TERM INVESTMENTS			
Term Deposit Receipt	14.1	130,000,000	130,000,000
Mutual Funds	14.2	6,432,524	-
		136,432,524	130,000,000

14.1 The TDR having maturity date of 22 July 2020 has been placed with Standard Chartered Bank Limited at a markup ranging from 6.7% to 11.75% (2019: 9.75%) per annum.

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

	Note	2020 Rupees	2019 Rupees
15 CASH AND BANK BALANCES			
Cash			
In hand		61,938	165,208
At Banks			
Current accounts			
local currency		30,672,348	15,046,740
foreign currency		(16,293)	12,086
		30,656,055	15,058,826
Savings accounts			
local currency		14,223,035	35,424,633
foreign currency		920,746	912,306
	15.1	15,143,781	36,336,939
		45,861,774	51,560,973

15.1 These carry mark-up ranging between 6.5% to 11.25% (2019: 4.50% to 10.25%) per annum.

	2020 Rupees	2019 Rupees
16 REVALUATION SURPLUS ON PROPERTY		
Opening balance	93,462,931	46,543,439
Revaluation surplus transferred to fund	-	47,288,543
Incremental depreciation for building	(313,859)	(369,051)
	93,149,072	93,462,931

16.1 The fair values of the Company's land and buildings were determined as at 30 June 2019 (Note 6.5).

		Note	2020 Rupees	2019 Rupees
17	**DEFERRED CAPITAL GRANTS**			
	Opening balance		1,458,293	3,079,587
	Additions during the year (at cost)		1,465,600	-
			2,923,893	3,079,587
	Amortization during the year			
	Charge for the year		(766,587)	(1,545,659)
	Relating to assets disposed-off		(14,980)	(75,635)
		21	(781,567)	(1,621,294)
			2,142,326	1,458,293

		Note	2020 Rupees	2019 Rupees (Restated)
18	**DEFERRED GRANTS AGAINST OPERATING ACTIVITIES**			
	Opening balance		(12,993,912)	9,736,739
	Grant received during the year		172,628,125	173,500,098
	Grant recognized in income and expenditure			
	Against expenditure incurred		(127,299,366)	(187,441,023)
	Against services performed		(2,458,835)	(8,642,586)
			(129,758,201)	(196,083,609)
	Refund to donors		(1,020,540)	(762)
	Balances written off		-	145,410
	Payment on behalf of donor		(6,631,579)	(291,788)
	Closing balance		22,223,893	(12,993,912)
	Break-up of closing balance			
	Unspent grant	18.1	36,474,245	11,440,687
	Grant receivable - gross	12	(14,250,352)	(24,434,599)
			22,223,893	(12,993,912)

		Note	2020 Rupees	2019 Rupees (Restated)
19	**ACCRUED AND OTHER LIABILITIES**			
	Accrued liabilities		**1,221,721**	3,900,744
	Other liabilities			
	Payable to suppliers		**5,393,366**	7,706,227
	Payable to staff		**678,759**	3,171,394
	Sales tax-withheld		**598,947**	1,079,970
	Security deposits		**240,000**	-
	Income tax-withheld		**153,279**	84,586
	Employees' provident fund payable		**200,683**	460,329
	Others		**10,535**	10,535
			7,275,569	12,513,041
			8,497,290	16,413,785

20 CONTINGENCIES AND COMMITMENTS

20.1 In June 2016, the tax authorities raised tax demands aggregating to Rs. 132.14 million for alleged default in withholding of taxes from payments made in Tax Years 2012 and 2013. On filing of appeals, the Appellate Tribunal Inland Revenue, through its order dated 17 July 2019, remanded the case to the assessing officer with directions to re-examine the records and assess the matter afresh. The re-assessment proceedings have not commenced yet.

20.2 There are no commitments as at the end of the current and prior year.

		Note	2020 Rupees	2019 Rupees (Restated)
21	**GRANT INCOME**			
	-against			
	programme expenditure	**21.1**	**129,758,201**	196,083,610
	amortization of deferred capital grants	**17**	**781,567**	1,621,294
			130,539,768	197,704,904

21.1 GRANT INCOME AGAINST PROGRAMME EXPENDITURE	2020 Rupees	2019 Rupees (Restated)
Sindh Education Foundation	26,743,219	20,816,340
Mercy Corps-TGF-NFR	18,490,878	17,128,318
NCA-Transforming Communities for Peaceful Co-existence-Phase II	17,371,003	6,383,847
TDEA-UNDP Strengthening Electoral and Legislative Processes	12,937,983	4,679,181
Caritas Policy Advocacy and Research on strengthening Phase II	11,506,102	23,045,816
EKN- Women's Increased Access to Water Resources and Agricultural Markets	11,130,133	-
NCA Promotion of Social Well-being of Sanitary Workers (PSWSW) in Sindh	8,814,306	-
Water Aid Phase III	6,255,460	21,056,779
Trust for Democratic Education and Accountability(TDEA)-Citizen Voice Project	2,798,726	955,202
WaterAid COVID-19	2,854,682	-
NCA COVID-19	2,190,952	-
NCA Faith in Action for Sustainable Climate Resilience	1,821,597	-
International Rescue Corporation (IRC) -Rollout of GBV emergency	785,798	-
UNICEF- UN Maternal and Child Stunting Reduction Program	421,423	180,610
Dawood Hussain	15,800	-
OXFAM - Improved Access to Fair, Legitimate and Effective Justice	-	15,739,039
Global Partnership for Education (GPE) - National Coordination for Bar Council	-	14,683,001
Voluntary Service Overseas Pakistan	-	10,917,976
UNICEF-Resilient, informed and safer schools and communities project	-	8,808,230
Foundation Open Society Institute Pakistan Mother Languages Literature Festival	-	7,982,153
Trocaire-Phase 3 Policy Advocacy/Research on Implementation of GBV Resp	-	6,421,402
Oxford Committee for Famine Relief (OXFAM) Strategic Partnership Phase 3	-	5,345,133
Oxfam Enhancing CSOs' contributions	-	4,155,415
Oxford Committee for Famine Relief (OXFAM) Strategic Partnership Phase 4	-	4,089,628
Trust for Democratic Education and Accountability(TDEA)-Citizen Voice Project	-	2,171,571
Action Aid- Local Rights Programme (LRP)	-	1,269,865
Pakistan Mother Languages Literature Festival	-	940,329
ROZAN - Gender Sensitive Training for Justice Sector Actors	-	64,000
	124,138,062	176,833,835
Networks housed in SPO:		
Spate MetaMeta New water Rights for Basin Management and Inclusivity	3,160,537	3,110,735
Asian Disaster Preparedness Center (ADPC) National Humanitarian Network Strengthening Emergency Response Capacity of Local Humanitarian Actors in Asia	2,459,602	16,139,040
	5,620,139	19,249,775
	129,758,201	196,083,610

	2020	2019
21.2 Local grant	60,986,606	46,754,941
Foreign grant	68,771,595	149,328,669
	129,758,201	196,083,610

22	PROGRAMME EXPENSES	Note	2020 Rupees	2019 Rupees (Restated)
	Salaries and benefits	22.1	81,570,530	111,527,074
	Training and development		33,416,316	49,065,213
	Traveling and conveyance		12,252,392	29,122,229
	Resource materials and publications		11,153,575	14,704,845
	Office rent		9,326,246	11,156,975
	Vehicle running and maintenance		7,768,498	14,257,897
	Procurement expense		5,175,247	638,841
	Maintenance and renovation		2,186,963	2,206,054
	Office supplies		2,011,990	3,228,729
	Miscellaneous expenses		500,000	-
	Program planning and review		3,000	-
			165,364,757	235,907,857
	Programme expenses incurred out of :			
	restricted funds		122,689,934	180,498,763
	unrestricted funds		42,674,823	55,409,094
			165,364,757	235,907,857

22.1 Provident fund contributions made during the year and included in salaries and benefits, amount to Rs. 3,697,653 (2019: Rs. 21,113,567).

23	GRANTS TO COMMUNITY BASED ORGANIZATIONS (CBOs) / OTHERS	Note	2020 Rupees	2019 Rupees (Restated)
	Material supplies	23.1	1,840,809	2,778,316
	Network secretarial support		255,645	198,300
	Food items and commodities		304,760	774
	Grant/support to partner organizations		209,050	-
	Grant support to Government Departments		-	374,810
		23.2	2,610,264	3,352,200

23.1 This represents costs incurred for provision of gas kits and safety kits under Norwegian Church Aid's project "Promotion of Social Well-being of Sanitary Workers (PSWSW) in Hyderabad, Sindh.

23.2 This includes an expense of Rs. 3,000 (2019: Nil) out of unrestricted funds.

24	ADMINISTRATIVE EXPENSES	Note	2020 Rupees	2019 Rupees (Restated)
	Utilities		3,095,092	3,597,114
	Depreciation	6.1	2,843,405	3,716,999
	Provision against doubtful grant receivable	12	2,241,978	-
	Telephone and postage		1,886,156	2,723,699
	Provision against doubtful other receivables	13	1,301,836	-
	Repairs and maintenance		1,142,864	487,402
	Office security		868,375	1,612,156
	Legal and professional charges		915,570	1,016,949
	Auditors' remuneration	24.2	882,950	745,000
	Bank charges		224,797	230,511
	Amortization	8	87,967	141
	Training expenses		108,852	462,243
	Sales tax		-	3,060,655
	Other receivables written off		-	200,000
	Grant receivables written-off		-	145,410
		24.1	15,599,842	17,998,279

		2020 Rupees	2019 Rupees (Restated)
24.1	Administrative expenses incurred out of :		
	restricted funds	4,569,855	12,838,808
	unrestricted funds	11,029,987	5,159,471
		15,599,842	17,998,279
24.2	**Auditors' remuneration**		
	Audit fee of statutory financial statements	784,750	645,000
	Out of pocket expenses	83,200	100,000
	Prior year	15,000	-
		882,950	745,000

25 OTHER INCOME

	Note	2020 Rupees	2019 Rupees (Restated)
Income from financial assets			
Return on investment in term deposit receipt	14.1	13,962,366	6,410,959
Return on saving accounts	15.1	3,245,712	7,605,593
Gain on revaluation of mutual funds		1,675	-
Dividend from investment in mutual fund	14.2	537,414	-
		17,747,167	14,016,552
Income from non-financial assets			
Fair value gain on investment property	7.1	3,994,236	6,802,200
Rental income		2,084,750	1,270,000
Gain on sale of property and equipment		1,203,724	223,681
Miscellaneous income		19,302	7,100
Vehicle reserve income		6,155	98,499
Donation in-kind		-	2,018,500
Exchange (loss) / gain		(37,566)	603,311
		7,270,601	11,023,291
Others			
Income from training units		199,510	545,550
		25,217,278	25,585,393

26 TAXATION

	Note	2020 Rupees	2019 Rupees
Current	26.1	-	93,432

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

27 CASH AND CASH EQUIVALENTS

	Note	2020 Rupees	2019 Rupees
Short-term investments	14	136,432,524	130,000,000
Cash and bank balances	15	45,861,774	51,560,973
		182,294,298	181,560,973

28 SPO RECEIPTS - UNRESTRICTED FUND

	Note	2020 Rupees	2019 Rupees (Restated)
Opening balance		176,973,752	213,968,999
Effect of adoption of IFRS 9		-	(2,263,852)
Receipts during the year		25,011,613	24,941,344
Amortisation of deferred grant	17	781,567	1,621,294
Amortisation of revaluation surplus on property		313,859	369,051
Services charged against projects		1,135,485	2,768,636
Expenditure incurred		(49,948,514)	(64,431,720)
Net surplus		(22,705,990)	(36,995,247)
Closing balance		154,267,762	176,973,752

		Note	2020 Rupees	2019 Rupees
29	**SPO TRAINING UNITS - UNRESTRICTED FUND**			
	Opening balance		77,336,541	76,580,934
	Receipts during the year	25	199,510	545,550
	Services charged against projects		-	672,300
	Expenditure incurred	24	(108,852)	(462,243)
	Net surplus		90,658	755,607
	Closing balance		77,427,199	77,336,541

		Note	2020 Rupees	2019 Rupees
30	**VEHICLE RESERVE FUND - UNRESTRICTED FUND**			
	Opening balance		74,508,678	74,954,634
	Receipts during the year	25	6,155	98,499
	Services charged against projects		1,323,350	5,201,650
	Expenditure incurred		(3,224,955)	(5,746,105)
	Net deficit		(1,895,450)	(445,956)
	Closing balance		72,613,228	74,508,678

31 **FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

31.1 **Financial assets and financial liabilities**

		Note	2020 Rupees	2019 Rupees
i)	**Financial assets**			
	Grant receivable	12	14,250,352	28,171,220
	Interest accrued		190,904	451,438
	Other receivables	13	5,342,436	3,159,257
			19,783,692	31,781,915
	Short-term investments	14	136,432,524	130,000,000
	Bank balances	15	45,799,836	51,395,765
			182,232,360	181,395,765
			202,016,052	213,177,680
ii)	**Financial liabilities**			
	Accrued and other liabilities	19	5,403,901	14,788,900

31.2 **Financial risk management**

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

- credit risk
- liquidity risk
- market risk

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

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

Strengthening Participatory Organization

Notes to the financial statements

For the year ended 30 June 2020

18.1 Movement in Grants

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

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

31.3 Concentration of credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

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

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

31.4 Exposure to credit risk

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

	Note	2020 Rupees	2019 Rupees
Grants receivable	12	14,250,352	28,171,220
Interest accrued		190,904	451,438
Other receivables	13	5,342,436	3,159,257
Short-term investments	14	136,432,524	130,000,000
Bank balances	15	45,799,836	51,395,765
		202,016,052	213,177,680

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

31.4.1 Quality of Financial assets

Short term investments and bank balances

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

	Long Term Rating	Short Term Rating	Rating agency	Rupees
Short-term investments				
Standard Chartered bank	AAA	A1+	PACRA	130,000,000
Savings accounts				
Standard Chartered bank	AAA	A1+	PACRA	12,010,248
United Bank Limited	AAA	A1+	JCR	909,206
Allied Bank Limited	AAA	A1+	PACRA	1,286,255
Habib Bank Limited	AAA	A1+	JCR	937,906
Silk Bank Limited	A-	A2	JCR	166
				15,143,781
				145,143,781

31.4.2 Grant receivable and other receivables

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

An analysis of the corresponding ECLs is, as follows:

	Stage 1	Stage 2	Stage 3	Total
		Amount in Rupees		
As at 01 July 2019	-	729,324	2,263,852	**2,993,176**
For the year	-	(729,324)	(2,263,852)	**(2,993,176)**
As at 30 June 2020	-	-	-	-

31.5 Liquidity risk

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

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

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

	Note	2020 Rupees	2019 Rupees
Accrued and other liabilities			
Within one year	19	5,403,901	14,788,900
Between one and five years		-	-
		5,403,901	14,788,900

31.6 Market risk

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

a) Interest rate risk

The Company's interest bearing instruments consist of investments in TDRs and balances in savings accounts, amounting to Rs. 130,000,000 (2019: Rs. 130,000,000) and Rs. 15,143,781 (2019: Rs. 36,336,939). Applicable interest rates for (i) the investment in TDR's is ranging from 6.7% to 11.75% (2019: 9.75%) and (ii) balances in saving accounts range from 6% to 11.25% (2019: 4.5% to 10.25%) per annum. However, these carry fixed interest rates and, therefore, are not exposed to interest rate risk.

b) Currency risk

The Company's financial assets amounting to Rs. 904,453 (2019: Rs. 924,391) are exposed to foreign exchange rate risk. Foreign currency risk arises due to financial assets denominated in foreign currencies in the financial statements.

Foreign currency sensitivity

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

A 10% depreciation of the EURO, GBP and USD versus the functional currency, would have reduced the deficit for the year by Rs. 90,445 (2019: Rs. 92,439) and vice versa.

The following significant exchange rates applied during the year:

	Average rate during the year	Spot rate on reporting date
2020		
USD	158.34	168.50
GBP	199.52	207.72
EURO	175.15	189.43

2019		
USD	141.61	161.62
GBP	182.83	206.24
EURO	163.23	184.88

c) Determination of fair values

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

31.7 Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Carrying amount			Fair value		
	---------- Rupees ----------					
	FVTPL	Amortized cost	FVTOCI	Level 1	Level 2	Total
30 June 2020						
Financial assets not measured at fair value						
Grants receivable	-	14,250,352	-	-	-	-
Interest accrued	-	190,904	-	-	-	-
Other receivables	-	5,342,436	-	-	-	-
Short-term investments	-	130,000,000	-	-	-	-
Bank balances	-	45,799,836	-	-	-	-
	-	**195,583,528**	-	-	-	-
Financial assets measured at fair value						
Short-term investments	6,432,524	-	-	6,432,524	-	6,432,524
	6,432,524	-	-	**6,432,524**	-	**6,432,524**
Financial liabilities not measured at fair value						
Accrued and other liabilities		5,403,901	-	-	-	-
	-	**5,403,901**	-	-	-	-
30 June 2019						
Financial assets not measured at fair value						
Grants receivable	-	28,171,220	-	-	-	-
Interest accrued	-	451,438	-	-	-	-
Other receivables	-	3,159,257	-	-	-	-
Short-term investments	-	130,000,000	-	-	-	-
Bank balances	-	51,395,765	-	-	-	-
	-	213,177,680	-	-	-	-
Financial liabilities not measured at fair value						
Accrued and other liabilities		14,788,900	-	-	-	-
	-	14,788,900	-	-	-	-

32 CAPITAL RISK MANAGEMENT

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

33 NUMBER OF EMPLOYEES

	2020	2019
	---Number---	
Number of employees	74	73
Average number of employees during the year	74	212

34 RELATED PARTY DISCLOSURES

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

Transactions with Provident Fund	Note	2020 Rupees	2019 Rupees
Contribution paid to employees' provident fund		3,697,653	21,113,567

35 REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVES AND DIRECTORS

	Chief Executive Officer		Executives	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Managerial remuneration	2,041,400	4,495,391	15,450,281	18,591,926
Provident fund and others	205,760	577,972	1,507,148	2,686,287
Special allowance	78,000	145,600	1,046,286	1,420,235
	2,325,160	5,218,963	18,003,715	22,698,448
Number of persons	1	1	11	15

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

36 PROVIDENT FUND TRUST

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

37 CORRECTION OF ERRORS

During the year ended 30 June 2020, management has discovered that certain expenses relating to year ended 30 June 2019 had not been recognised in the year ended 30 June 2019. As a consequence, the expenses and the related balances of prior year were understated. The error has been corrected by restating comparative funds and related liabilities of the expenses. The following table summarises the impacts on the Company's financial statements:

37.1 Statement of financial position

	Impact of correction of error		
	As previously reported Rupees	Adjustments Rupees	As restated Rupees
Other receivables	24,940,471	85,000	25,025,471
Total assets	**24,940,471**	**85,000**	**25,025,471**
Deferred grants against operating activities - net of receivables (Note 18)	9,967,700	3,026,212	12,993,912
Accrued and other liabilities	(13,334,375)	(3,079,410)	(16,413,785)
Total liabilities	**(3,366,675)**	**(53,198)**	**(3,419,873)**
Unrestricted funds	328,787,169	31,802	328,818,971
Total funds and reserves	**328,787,169**	**31,802**	**328,818,971**

37.2 Income and expenditure statement and Statement of comprehensive income

	Impact of correction of error		
	As previously reported Rupees	Adjustments Rupees	As restated Rupees
Programme expenses	(232,617,445)	(2,651,571)	(235,269,016)
Grants to Community Based Organizations (CBOs) / others	(3,212,200)	(140,000)	(3,352,200)
Administrative expenses	(18,349,281)	(287,839)	(18,637,120)
Other income	25,500,393	85,000	25,585,393
Deficit	**(228,678,533)**	**(2,994,410)**	**(231,672,943)**
Total comprehensive income	**(228,678,533)**	**(2,994,410)**	**(231,672,943)**

There is no impact on the balances as at 01 July 2018, accordingly, third statement of financial position as of that date has not been presented.

38 GENERAL

Figures have been rounded off to the nearest Rupee.

39 IMPACT OF COVID 19

On 30 January 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While these events and conditions have resulted in general economic uncertainty, management has evaluated the impact of COVID-19 and concluded that there are no material implications of COVID-19 on the operations of the Company that require specific disclosure in the financial statements. Neither the Company's operations were significantly affected due to COVID-19 during the year nor is expected to be adversely affected in the near future. Further, COVID-19 has no material impact on the presented amounts and disclosures.

40 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 06 DEC 2020 by the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER **DIRECTOR**