

**AUDITOR'S REPORT TO THE BOARD OF MEMBERS**  
**OF AWAMI DEVELOPMENT ORGANIZATION**

**REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of Awami Development Organization which comprise of statement of financial position as at June 30, 2023, statement of income and expenditure, statement of changes in general funds and statement of cash flows together with the notes forming part thereof, for the year then ended 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 our audit.

In our opinion and to the best of our information and according to the explanations given to us, statement of financial position as at June 30, 2023, statement of income and expenditure, statement of changes in general funds and statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan for small sized entities, in the manner so required and respectively give a true and fair view of the state of the organization's affairs as at June 30, 2023, and of the loss for the year then ended.

**Basis of Opinion**

We conducted the audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further disclosed in Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are Independent of the organization in accordance with the International Ethics standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Members for the Financial Statements**

Members are responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for small sized entities and for such internal control as the Members determine 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, Members are responsible for assessing the organization's ability to continue as going concern basis of accounting unless Members either intend to liquidate the organization or cease operations, or has no realistic alternative but to do so. Members are responsible for overseeing the organization's financial reporting process.

### *Auditor's 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable level of assurance is a high level of assurance, but is not guaranteed 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 decision 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:

1. Identify and assess the risks of material misstatements 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.
2. 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 organization's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members.
4. Conclude on the appropriateness of Member'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 Organization's ability to continue as a going concern. (If we conclude that a material uncertainty exists, we are required to draw our attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion). Our conclusions are based on the evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
5. 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 presentations.



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We communicate with those charged with governance and the board of member's 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.

We also provide the Members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with him all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on audit resulting in this independent auditor's report is Aqeel Alam.

Alam & Aulakh  
(CHARTERED ACCOUNTANTS)




Place: Lahore  
UDIN Number: AR202310041eIm57TQat

Date: 27 NOV 2023

**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	4	27,804,621	28,891,933
<b>Current Assets</b>			
Microcredit receivables	5	64,555,494	56,996,348
Receivable from donors and others	6	1,788,558	-
Advance tax		22,597	22,597
Cash and bank balances	7	4,966,246	8,943,430
		<b>71,332,895</b>	<b>65,962,375</b>
<b>TOTAL ASSETS</b>		<b>99,137,516</b>	<b>94,854,308</b>
<b>FUNDS AND LIABILITIES</b>			
<b>General fund</b>			
Members contribution		471,625	789,566
Capital Reserve		12,495,000	12,495,000
Surplus on revaluation of fixed assets	8	5,259,118	5,535,914
		<b>18,225,743</b>	<b>18,820,480</b>
<b>Non-Current Liabilities</b>			
Borrowings under interest free scheme	9	68,135,523	68,135,523
Deferred capital grant	10	130,137	153,102
		<b>68,265,660</b>	<b>68,288,625</b>
<b>Current Liabilities</b>			
Accrued and other liabilities	11	12,646,113	7,745,203
Contingencies and commitments	12		
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>99,137,516</b>	<b>94,854,308</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**STATEMENT OF INCOME AND EXPENDITURE AND OTHER  
COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b>Income</b>			
Grant Income	13	8,413,189	6,251,724
Amortization of deferred capital grant		22,965	27,018
Other income		978,675	325,640
		<b>9,414,829</b>	<b>6,604,382</b>
<b>Expenditure</b>			
Direct expenses	14	8,641,103	7,256,106
Administrative expenses	15	1,368,463	1,414,841
		<b>10,009,566</b>	<b>8,670,947</b>
Deficit for the year before tax		(594,737)	(2,066,566)
Taxation		-	-
Deficit for the year after tax		(594,737)	(2,066,566)
Other Comprehensive Income		-	-
<b>Total Comprehensive Loss</b>		<b>(594,737)</b>	<b>(2,066,566)</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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Chief Executive Officer

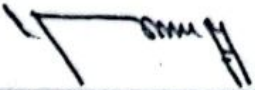
  
Director

**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Members Contribution	Capital Reserve	Total
			Surplus on revaluation of property and equipment	
-----Rupees-----				
Deficit for the year	(2,066,566)	-	-	(2,066,566)
Other comprehensive Income	-	-	-	-
Total comprehensive loss	(2,066,566)	-	-	(2,066,566)
Incremental depreciation	291,364	-	(291,364)	-
<b>Balance as at June 30, 2022</b>	<b>789,566</b>	<b>12,495,000</b>	<b>5,535,914</b>	<b>18,820,480</b>
Deficit for the year	(594,737)	-	-	(594,737)
Other comprehensive Income	-	-	-	-
Total comprehensive loss	(594,737)	-	-	(594,737)
Incremental depreciation	276,796	-	(276,796)	-
<b>Balance as at June 30, 2023</b>	<b>471,625</b>	<b>12,495,000</b>	<b>5,259,118</b>	<b>18,225,743</b>

*The annexed notes from 1 to 21 form an integral part of these financial statements.*

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Chief Executive Officer

  
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Director

**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Deficit for the Year		(594,737)	(2,066,566)
<b>Adjustment for non cash items:</b>			
Amortization of deferred capital grant	10	(22,965.30)	(27,018)
Depreciation	4	1,087,312	1,199,724
<b>Operating cash flows before working capital changes</b>		<b>469,610</b>	<b>(893,860)</b>
<b>Effect on cash flows due to working capital changes:</b>			
<i>(Increase) / decrease in current assets:</i>			
Microcredit receivables		(7,559,146)	(4,988,890)
Receivable from donors & others		(1,788,558)	7,668,010
<i>Increase in current liabilities:</i>			
Accrued and other liabilities		4,900,910	6,268,196
		<b>(4,446,794)</b>	<b>8,947,316</b>
<b>Net cash generated from/(used in) operating activities</b>	<b>A</b>	<b>(3,977,184)</b>	<b>8,053,456</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property and equipment purchased		-	-
Sale proceed on sale of fixed assets		-	-
<b>Net cash generated from investing activities</b>	<b>B</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>A+B</b>	<b>(3,977,184)</b>	<b>8,053,456</b>
Cash and cash equivalents at the beginning of the year		8,943,430	889,974
<b>Cash and cash equivalents at the end of the year</b>		<b>4,966,246</b>	<b>8,943,430</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director

**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**1 STATUS AND OPERATIONS**

Awami Development Organization (ADO) got legally registered on September 03, 1996 under the Social Welfare Agencies (Registration and Control) Ordinance 1961. Its legal status under the said ordinance was Non-Governmental Organization (NGO). On January 04, 2017, Awami Development Organization (ADO) was incorporated with the Securities and Exchange Commission of Pakistan (SECP) as a Guarantee Limited Company under Section 42 of the repealed Companies Ordinance 1984 (XL-VII of 1984). The main objective of the company is social welfare. The Organization's registered office is situated at House no,33-B, Housing Colony Phase II, Layyah.

After obtaining the license and Incorporation of the Company under Section 42 of the Companies Ordinance 1984 all assets, liabilities, claims, rights, privileges and other interests of the previous entity were taken over by the said Company and the previously registered entity under the Social Welfare Agencies (Registration and Control) Ordinance 1961 was dissolved.

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

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

- International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Financial Reporting Standards Board (IASB) as notified under the Companies Act, 2017,
- Accounting standards for not for Profit Organizations (accounting standard for NPOs) issued by the institute of Chartered of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directive issued under the Companies Act, 2017 differ from accounting standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistan rupees, which is the functional and presentation currency for the organization. All the financial information presented in Pak Rupees has been rounded off to the nearest Rupee.

**2.4 Significant accounting estimates and judgments**

The preparation of financial statements requires the use of judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which estimates is revised and in any future periods affected. The areas where various assumptions were exercised in application of accounting policies are useful life of assets and provision for bad debts.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property and equipment**

Property and equipment are initially recognized at acquisition cost, including any cost directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended use by the company's management.

Subsequently, building is measured using the revaluation model, revalued amount less subsequent depreciation and impairment losses.



**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**3.1 Property and equipment (continued)**

Any revaluation increase arising on the revaluation of fixed assets is recognized in "Other comprehensive Income" and presented as a separate component of equity " Revaluation surplus on property and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously charged.

Any decrease in carrying amount arising on the revaluation of fixed assets is charged to income and expenditure to the extent that it exceeds the balance, if any, held in the revaluation surplus of property and equipment relating to previous revaluation of that asset. The revaluation reserve is not available for distribution to the company's members. The surplus on revaluation of property and equipment to the extent of incremental depreciation charged (net of differed tax, if any) is transferred to general fund.

Property and equipment are stated at cost less accumulated depreciation. Full month's depreciation is charged on all fixed assets capitalized during the year while no depreciation is charged in the month fixed assets are disposed off. The amount of depreciation for the year is charged to income & expenditure applying the reducing balance method at the rate specified in the schedule.

Maintenance and normal repairs are charged to statement of income & expenditure as and when incurred, while major renewals and replacements are capitalized if it is probable that the respective future economic benefits will flow to the Company and the cost other item can be measured reliably, and assets so replaced, if any, are retired.

**3.2 Impairment of non-financial assets**

An assessment is made at each reporting date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the statement of income and expenditure. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

**3.3 Receivables**

Receivables are recognize at cost, which is the fair value of the consideration given. The provision for loans considered doubtful of recovery is maintained at a level that, in the judgment of management, is adequate to provide for potential losses on loan portfolio that can be reasonably anticipated.

**3.4 Grant Receivable**

Grant receivable is recognized as an asset only if the amount to be received can be reasonable estimated and ultimate collection is reasonably assured.

**3.5 Cash and cash equivalents**

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents include cash in hand and cash at bank.

**3.6 Financial Instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of financial assets and financial liabilities is included in the profit or loss for the year.

**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**3.7 Impairment of financial assets other than trade receivables**

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

**3.8 Borrowings**

All borrowings are recorded when the proceeds are received. Finance cost is accounted for on accrual basis.

**3.9 Accrued and other liabilities**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

**3.10 Funds**

**General Fund**

Surplus arising on un-restricted funds is recognized in general fund.

**3.11 Income recognition**

Income is recognized to the extent the company has rendered services, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

**Service fee and Markup income**

Company recognizes service fee income and markup income on accrual basis.

**Grant income**

**Deferred Capital Grants**

Fixed assets received as a grant are initially recorded as deferred capital grant. Subsequently, these are recognized as income in the statement of income and expenditure, on a systematic basis, over the periods necessary to match them with the carrying value of the related assets.

**3.12 Provisions**

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

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

**3.13 Transactions with related parties**

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

**3.14 Off-setting of financial assets and liabilities**

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**3.15 Taxation**

Provision for taxation has been calculated in accordance with the Income Tax Ordinance, 2001.

**AWAMI DEVELOPMENT ORGANIZATION**  
 (A company set up under section 42 of the Companies Act, 2017)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**4 PROPERTY AND EQUIPMENT**

Cost/Revaluation	Land	Building	Vehicles	Furniture	Computers	Office Equipment	Total
	Balance as at July 1, 2022	11,786,218	18,761,396	1,237,000	805,730	55,579	845,183
Additions during the year	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-
Balance as at June 30, 2023	<u>11,786,218</u>	<u>18,761,396</u>	<u>1,237,000</u>	<u>805,730</u>	<u>55,579</u>	<u>845,183</u>	<u>33,491,106</u>
<b>Accumulated Depreciation</b>							
Balance as at July 1, 2022	-	3,480,122	285,491	385,134	44,434	403,992	4,599,173
Charge for the year	-	764,064	190,302	63,089	3,678	66,179	1,087,312
Disposals during the year	-	-	-	-	-	-	-
Balance as at June 30, 2023	<u>-</u>	<u>4,244,186</u>	<u>475,793</u>	<u>448,223</u>	<u>48,112</u>	<u>470,171</u>	<u>5,686,485</u>
<b>Carrying Value as at June 30, 2023</b>	<u>11,786,218</u>	<u>14,517,210</u>	<u>761,207</u>	<u>357,507</u>	<u>7,467</u>	<u>375,012</u>	<u>27,804,621</u>
Carrying Value as at June 30, 2022	11,786,218	15,281,274	951,509	420,596	11,145	441,191	28,891,933
<b>Rate of depreciation</b>	0%	5%	20%	15%	33%	15%	

**4.1 Revalued Property and equipment**

On June 30, 2018, the company elected to measure the building using the revaluation model. The forced sale value of the revalued building as on the date of revaluation i.e. June 29, 2018 was assessed at Rs. 18,486,000.

4.2 Had there been no revaluation, the related figures of building as at June 30 would have been as follows:

Description	Carrying Value as at June 30, 2023	Carrying Value as at June 30, 2022
Building	9,044,995	9,521,047

4.3 The forced sale value of the revalued building was assessed at Rs. 18,486,000.

**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b>5 MICROCREDIT RECEIVABLES</b>			
Interest-free portfolio		65,872,953	58,159,539
Less: Provision held			
- General	5.1	(1,317,459)	(1,163,191)
		<u>64,555,494</u>	<u>56,996,348</u>
<b>5.1 Provision against non-performing loans</b>			
Opening balance		1,163,191	1,061,377
charge/(reversal) during the year		154,268	101,814
Closing balance		<u>1,317,459</u>	<u>1,163,191</u>
This represents the interest-free loans disbursed to the borrowers under the Interest-Free Loan Scheme. The amount was disbursed to the eligible persons having a poverty score card ranging from 0-40 under the scheme with the condition of repayment in 6 to 12 equal monthly installments. The provision is calculated at 2% per annum.			
<b>6 RECEIVABLE FROM DONORS AND OTHERS</b>			
Opening balance		-	7,668,010
Addition during the year		1,788,558	-
		<u>1,788,558</u>	<u>7,668,010</u>
Amount received during the year		-	(7,668,010)
	6.1	<u>1,788,558</u>	<u>-</u>
6.1 This represents grant receivable from Pakistan Poverty Alleviation Funds under the Interest-Free Loan Scheme against operational cost, which is 10.5% of the disbursed amount.			
<b>7 CASH AND BANK BALANCES</b>			
Cash in hand		9,757	135,027
Cash at banks			
-Current account		4,956,489	8,768,780
-Saving account		-	39,623
		<u>4,956,489</u>	<u>8,808,403</u>
		<u>4,966,246</u>	<u>8,943,430</u>
<b>8 SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Opening balance		5,535,914	5,827,278
Surplus on revaluation of property and equipment		(276,796)	(291,364)
		<u>5,259,118</u>	<u>5,535,914</u>
8.1 This represents surplus arisen on the revaluation of the building on the basis of fair market value determined by independent professionally qualified valuers, M/S Evaluation Focused Consulting on June 29, 2018. The valuation was based on open market value.			
The revaluation surplus on land and building is a capital reserve and is not available for distribution to the members of the Company.			

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**AWAMI DEVELOPMENT ORGANIZATION**  
**(A company set up under section 42 of the Companies Act, 2017)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)	
8.1	The activity in the property markets in which these assets are located provides observable market data on which reliable fair value estimates can be derived. In determining the valuation, the valuers refer to current market conditions and recent sales transactions of similar properties. In estimating the fair value of property, the highest and best use of property is their current use.			
<b>9</b>	<b>BORROWINGS UNDER INTEREST FREE SCHEME</b>			
	Borrowings under interest free scheme	9.1	68,135,523	68,135,523
9.1	This revolving loan facility under Interest Free Loan (IFL) scheme is offered by PPAF for a period of four years. The operational cost is offered by donor at the rate of 10.5% of principal amount subject to satisfactory performance of company. This interest free loan will be revolved by the Company through its loan centers.			
<b>10</b>	<b>DEFERRED CAPITAL GRANT</b>			
	Opening balance		153,102	180,120
	Amortized during the year		(22,965)	(27,018)
			130,137	153,102
<b>11</b>	<b>ACCRUED AND OTHER LIABILITIES</b>			
	Salaries payable		8,198,594	4,716,470
	Al-Hamid payable		1,788,462	1,062,075
	Basra travel payable		1,063,200	1,198,004
	Office rent payable		729,674	331,670
	EOBI payable		232,440	135,720
	Withholding tax payable		79,743	67,264
	The Learning School		250,000	-
	Audit fee payable		304,000	234,000
			12,646,113	7,745,203
<b>12</b>	<b>CONTINGENCIES AND COMMITMENTS</b>			
	There are no known material contingencies and commitments as at the year-end. (2021 : Nil)			
<b>13</b>	<b>GRANT INCOME</b>			
	PPAF Grant	13.1	5,143,983	6,251,724
	Punjab Skills Development Fund Grant		1,480,648	-
	Grant receivable from Pakistan Poverty Alleviation Funds	6.1	1,788,558	-
			8,413,189	6,251,724
13.1	Pakistan Poverty Alleviation Fund (PPAF) will disburse the operational cost @10.5% on the basis of actual disbursement to borrowers as an interest-free loan.			

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**AWAMI DEVELOPMENT ORGANIZATION**  
(A company set up under section 42 of the Companies Act, 2017)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b>14 DIRECT EXPENSES</b>			
Staff salaries and wages		4,647,015	4,449,828
Vehicle running expenses		726,387	766,378
Vehicle rent		1,080,000	1,080,000
Office rent		420,000	420,000
Repair and maintenance		97,110	161,755
Printing and stationery		101,680	185,880
Miscellaneous expenses		82,060	90,451
Provision for bad debts		154,268	101,814
		<b>7,308,520</b>	<b>7,256,106</b>
<b>14.1 Punjab Skills Development Fund Training Expenses</b>		<b>1,332,583</b>	<b>-</b>
		<b>1,332,583</b>	<b>-</b>
<b>15 ADMINISTRATIVE EXPENSES</b>			
Audit fee	15.1	70,000	92,000
Bank charges		211,151	123,117
Depreciation		1,087,312	1,199,724
		<b>1,368,463</b>	<b>1,414,841</b>
<b>15.1 Auditor's Remuneration</b>			
Audit fee		70,000	77,000
Others		-	15,000
		<b>70,000</b>	<b>92,000</b>
<b>16 FINANCIAL INSTRUMENTS</b>			
<b>Financial assets</b>			
Microcredit receivables		64,555,494	56,996,348
Receivable from donors and others		-	-
Cash and bank balances		4,966,246	8,943,430
		<b>69,521,740</b>	<b>65,939,778</b>
<b>Financial liabilities</b>			
Borrowings under interest free scheme		68,135,523	68,135,523
Accrued and other liabilities		12,646,113	7,745,203
		<b>80,781,636</b>	<b>75,880,726</b>

**17 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of Chief Executive Officer and directors of the company. During the year there are no related party transactions and related balances.

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**AWAMI DEVELOPMENT ORGANIZATION**  
 (A company set up under section 42 of the Companies Act, 2017)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

18	Note	2023	2022
		(Rupees)	(Rupees)
<b>REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES</b>			
		<b>June-23</b>	
		<b>Chief Executive</b>	<b>Directors</b>
	Managerial remuneration	-	-
	No of persons	1	2
		<b>June-22</b>	
		<b>Chief Executive</b>	<b>Directors</b>
	Managerial remuneration	-	-
	No of persons	1	2
19	<b>NUMBER OF EMPLOYEES</b>	<b>2023</b>	<b>2022</b>
	Number of employees at year end	12	14
	Average number of employees during the year	12	14
20	<b>DATE OF AUTHORISATION FOR ISSUE</b>		
	These financial statements were approved and authorized for issue on the board of directors of the Company.	<u>29-11-23</u>	
21	<b>GENERAL</b>		
	Figures have been rounded-off to the nearest Rupee.		

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 Chief Executive Officer

  
 Director