



# AWAMI DEVELOPMENT ORGANIZATION

**Financial Statements  
For the financial year ended June 30, 2024**

**Auditors**

**Alam & Aulakh  
Chartered Accountants  
Lahore**

## **Contents:**

- **Independent Auditor's Report**
- **Statement of Financial Position**
- **Statement of Income and Expenditure and Other Comprehensive Income**
- **Statement of Changes in Funds**
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**AWAMI DEVELOPMENT ORGANIZATION**

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

**Opinion**

We have audited the annexed financial statements of **AWAMI DEVELOPMENT ORGANIZATION**, which comprise the statement of financial position as at June 30, 2024 and the statement of Income and expenditure, the statement of general funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of Income and expenditure, the statement of general funds, 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, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the loss for the year, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and 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 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

**Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980, (XVIII of 1980).

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

Alam & Aulakh  
Chartered Accountants  
Lahore.

Date: **October 07, 2024**

UDIN: AR202410041xcFGyv4IK



**AWAMI DEVELOPMENT ORGANIZATION (A company set up under section 42 of the Companies Act, 2017)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

	Note	2024 (Rupees)	2023 (Rupees)
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipment	4	27,150,045	27,804,621
<b>Current Assets</b>			
Microcredit receivables	5	65,244,814	64,555,494
Receivable from donors and others	6	-	1,788,558
Advance tax		22,597	22,597
Cash and bank balances	7	86,839	4,966,246
		<b>65,354,250</b>	<b>71,332,895</b>
<b>TOTAL ASSETS</b>		<b>92,504,295</b>	<b>99,137,516</b>
<b><u>FUNDS AND LIABILITIES</u></b>			
<b>General fund</b>			
Members contribution		328,289	471,625
		12,495,000	12,495,000
<b>Capital Reserve</b>			
Surplus on revaluation of fixed assets	8	4,996,162	5,259,118
		<b>17,819,451</b>	<b>18,225,743</b>
<b>Non-Current Liabilities</b>			
Borrowings under interest free scheme	9	68,135,523	68,135,523
Deferred capital grant	10	110,616	130,137
		<b>68,246,139</b>	<b>68,265,660</b>
<b>Current Liabilities</b>			
Accrued and other liabilities	11	6,438,704	12,646,113
<b>Contingencies and commitments</b>			
	12		
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>92,504,295</b>	<b>99,137,516</b>

AA



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, 2024

	Note	2024 (Rupees)	2023 (Rupees)
<b>INCOME</b>			
Grant Income	13	8,715,782	8,413,189
Amortization of deferred capital grant		19,521	22,965
Other income		594,986	978,675
Gain on disposal of vehicles			
		<u>9,330,288</u>	<u>9,414,829</u>
<b>EXPENDITURE</b>			
Direct expenses	14	8,486,755	8,641,103
Administrative expenses	15	1,249,826	1,368,463
		<u>9,736,581</u>	<u>10,009,566</u>
Deficit for the year before tax		(406,292)	(594,737)
Taxation		-	-
Deficit for the year after tax		<u>(406,292)</u>	<u>(594,737)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
		-	-
<b>TOTAL COMPREHENSIVE LOSS</b>		<u><u>(406,292)</u></u>	<u><u>(594,737)</u></u>

DA

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, 2024

	General Fund	Members Contribution	Capital Reserve Surplus on revaluation of property and equipment	Total
	-----Rupees-----			
<b>Balance as at June 30, 2020</b>	7,048,885	12,495,000	6,133,977	25,677,862
Deficit for the year	(4,790,816)	-	-	(4,790,816)
Other comprehensive Income	-	-	-	-
Total comprehensive loss	(4,790,816)	-	-	(4,790,816)
Incremental depreciation	306,699	-	(306,699)	-
<b>Balance as at June 30, 2021</b>	2,564,768	12,495,000	5,827,278	20,887,046
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>	789,566	12,495,000	5,535,914	18,820,480
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>	471,625	12,495,000	5,259,118	18,225,743
Deficit for the year	(406,292)	-	-	(406,292)
Other comprehensive Income	-	-	-	-
Total comprehensive loss	(406,292)	-	-	(406,292)
Incremental depreciation	262,956	-	(262,956)	-
<b>Balance as at June 30, 2024</b>	328,289	12,495,000	4,996,163	17,819,452

AK

Chief Executive Officer

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, 2024**

	Note	2024 (Rupees)	2023 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Deficit for the Year		(406,292)	(594,737)
<b>Adjustment for non cash items:</b>			
Gain on disposal of vehicles		-	-
Amortization of deferred capital grant	10	(19,521)	(22,965)
Depreciation	4	1,017,676	1,087,312
<b>Operating cash flows before working capital changes</b>		<b>591,863</b>	<b>469,610</b>
<b>Effect on cash flows due to working capital changes:</b>			
<i>(Increase) / decrease in current assets:</i>			
Microcredit receivables		(689,320)	(7,559,146)
Receivable from donors & others		1,788,558	(1,788,558)
<i>Increase in current liabilities:</i>			
Accrued and other liabilities		(6,570,509)	4,900,910
		<b>(5,471,270)</b>	<b>(4,446,794)</b>
<b>Net cash generated from/(used in) operating activities</b>	<b>A</b>	<b>(4,879,407)</b>	<b>(3,977,184)</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>(4,879,407)</b>	<b>(3,977,184)</b>
Cash and cash equivalents at the beginning of the year		4,966,246	8,943,430
<b>Cash and cash equivalents at the end of the year</b>		<b>86,839</b>	<b>4,966,246</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)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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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.

**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, 2024**

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**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.

**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.

**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, 2024**

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**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.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or historical cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**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. AA

**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, 2024**

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**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. AA

**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, 2024**

**4 PROPERTY AND EQUIPMENT**

	Land	Building	Vehicles	Furniture	Computers	Office Equipment	Total
<b>Cost/Revaluation</b>							
Balance as at July 1, 2023	11,786,218	18,761,396	1,237,000	805,730	55,579	845,183	33,491,106
Additions during the year	-	-	-	-	-	363,100	363,100
Disposals during the year	-	-	-	-	-	-	-
Balance as at June 30, 2024	<u>11,786,218</u>	<u>18,761,396</u>	<u>1,237,000</u>	<u>805,730</u>	<u>55,579</u>	<u>1,208,283</u>	<u>33,854,206</u>
<b>Accumulated Depreciation</b>							
Balance as at July 1, 2023	-	4,244,186	475,793	448,223	48,112	470,171	5,686,485
Charge for the year	-	725,861	152,241	53,626	2,464	83,484	1,017,676
Disposals during the year	-	-	-	-	-	-	-
Balance as at June 30, 2024	-	<u>4,970,047</u>	<u>628,034</u>	<u>501,849</u>	<u>50,576</u>	<u>553,655</u>	<u>6,704,161</u>
<b>Carrying Value as at June 30, 2024</b>	<u>11,786,218</u>	<u>13,791,350</u>	<u>608,966</u>	<u>303,881</u>	<u>5,003</u>	<u>654,628</u>	<u>27,150,045</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>
<b>Carrying Value as at June 30, 2022</b>	<u>11,786,218</u>	<u>15,281,274</u>	<u>951,509</u>	<u>420,596</u>	<u>11,145</u>	<u>441,191</u>	<u>28,891,933</u>
<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, 2024	Carrying value as at June 30, 2023	Carrying value as at June 30, 2022
Building	8,592,745	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, 2024**

	Note	2024 (Rupees)	2023 (Rupees)
5	Provisions of Loans is as follow:		
	Microcredit Loan Portfolio (Gross) Opening	67,008,620	59,568,269
	Disbursements during the year	47,807,000	44,116,000
	Recoveries during the year	(48,239,280)	(35,308,126)
	Microcredit Loan Portfolio (Gross) Closing	<u>66,576,340</u>	<u>68,376,143</u>
	<b>Less :</b>		
	Provision for doubtful loans @ 2%	<u>1,331,527</u>	<u>1,367,523</u>
	<b>Microcredit</b>	<u><u>65,244,814</u></u>	<u><u>67,008,620</u></u>

As per Note X.2 ,of Sub Claus-2.2 (Loan Created through PMIFL), of Clause.-2 ( Disclosure in Annual Financial Statements) of Annexure IX (Financial Management), of agreement with Pakistan Poverty Alleviation Fund(PPAF) dated April 27, 2016. The Provision for doubtful Loans (General Provision) is maintained at a rate of 2% of gross loan portfolio outstanding at the balance sheet date as at June 30, 2019. However, the Specific provision is maintained as per ADO policy for other loans.

6	<b>RECEIVABLE FROM DONORS AND OTHERS</b>		
	Opening balance	1,788,558	-
	Addition during the year	-	<u>1,788,558</u>
		<u>1,788,558</u>	<u>1,788,558</u>
	Amount received during the year	(1,788,558)	-
		<u>-</u>	<u>1,788,558</u>
		6.1	

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.

7	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	9,616	6500
	Cash at banks		
	-Current account	<u>77,223</u>	<u>4,959,746</u>
	-Saving account	<u>77,223</u>	<u>4,959,746</u>
		<u>86,839</u>	<u>4,966,246</u>

8	<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		
	Opening balance	5,259,118	5,535,914
	Incremental depreciation transferred to general fund	(262,956)	(276,796)
		<u>4,996,162</u>	<u>5,259,118</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.

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.

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, 2024

	Note	2024 (Rupees)	2023 (Rupees)
<b>9 BORROWINGS UNDER INTEREST FREE SCHEME</b>			
Borrowings under interest free scheme	9.1	<u>68,135,523</u>	<u>68,135,523</u>
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 DEFERRED CAPITAL GRANT</b>			
Opening balance		130,137	153,102
Amortized during the year		<u>(19,521)</u>	<u>(22,965)</u>
		<u>110,616</u>	<u>130,137</u>
<b>11 ACCRUED AND OTHER LIABILITIES</b>			
Salaries payable		754,378	8,198,594
Al-Hamid payable		1,915,955	1,788,462
Basra travel payable		2,329,104	1,063,200
Office rent payable		767,024	729,674
EOBI payable		218,400	232,440
Withholding tax payable		2,750	79,743
The Learning School		250,000	250,000
Audit fee payable		201,093	304,000
		<u>6,438,704</u>	<u>12,646,113</u>
<b>12 CONTINGENCIES AND COMMITMENTS</b>			
There are no known material contingencies and commitments as at the year-end. (2023 : Nil)			
<b>13 GRANT INCOME</b>			
PPAF Grant	13.1	<u>8,535,784</u>	<u>5,143,983</u>
Punjab Skills Development Fund Grant	13.2	<u>179,998</u>	<u>1,480,648</u>
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.			
<b>14 DIRECT EXPENSES</b>			
Staff salaries and wages		4,106,484	4,647,015
Vehicle running expenses		789,853	726,387
Vehicle rent		840,000	1,080,000
Office rent		438,000	420,000
Repair and maintenance		230,325	97,110
Printing and stationery		257,150	101,680
Miscellaneous expenses		345,610	82,060
Utility Expenses		147,806	-
Provision for bad debts		<u>1,331,527</u>	<u>154,268</u>
		<u>8,486,755</u>	<u>7,308,520</u>
<b>Punjab Skills Development Fund</b>			
Traning Expenses		-	1,332,583
		<u>-</u>	<u>1,332,583</u>
<b>15 ADMINISTRATIVE EXPENSES</b>			
Audit fee	15.1	75,000	70,000
Bank charges		157,150	211,151
Depreciation		<u>1,017,676</u>	<u>1,087,312</u>
		<u>1,249,826</u>	<u>1,368,463</u>
15.1 Auditor's Remuneration			



**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, 2024**

	Note	2024 (Rupees)	2023 (Rupees)
<b>15.1 Auditor's Remuneration</b>			
Audit fee		70,000	70,000
Others		5,000	-
		<u>75,000</u>	<u>70,000</u>
<b>16 FINANCIAL INSTRUMENTS</b>			
<b>Financial assets</b>			
Microcredit receivables		65,244,814	64,555,494
Receivable from donors and others			
Cash and bank balances		86,839	4,966,246
		<u>65,331,653</u>	<u>69,521,740</u>
<b>Financial liabilities</b>			
Borrowings under interest free scheme		68,135,523	68,135,523
Accrued and other liabilities		6,438,704	12,646,113
		<u>74,574,227</u>	<u>80,781,636</u>

**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.

**18 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	June-24	
	Chief Executive	Directors
Managerial remuneration	-	-
No of persons	1	2
	June-23	
	Chief Executive	Directors
Managerial remuneration	-	-
No of persons	1	2


	2024 Numbers	2023 Numbers
<b>19 NUMBER OF EMPLOYEES</b>		
Number of employees at year end	11	12
Average number of employees during the year	11	12

**20 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were approved and authorized for issue on 04-Oct-2024 by the board of directors of the Company.

**21 GENERAL**

Figures have been rounded-off to the nearest Rupee.

  
**Chief Executive Officer**

  
**Director**