

**FINANCIAL STATEMENTS OF  
SUNGI DEVELOPMENT FOUNDATION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

## INDEPENDENT AUDITORS REPORT TO THE BOARD OF GOVERNORS

### Opinion

We have audited the financial statements of **Sungi Development Foundation** (“the Foundation”), which comprise the statement of financial position as at December 31, 2018, and the statement of income and expenditure, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with the 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 Foundation in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards, and for such internal control as the 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 Foundation’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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation’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 Foundation'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 Foundation 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

ISLAMABAD

DATED: 10 APR 2019

  
CHARTERED ACCOUNTANTS

Engagement Partner: Abdul Qadeer



**SUNGI DEVELOPMENT FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

	Note	2018 Rupees	2017 Rupees
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	4	51,745,536	53,606,203
Long-term investments	5	184,633,635	196,324,713
		<u>236,379,171</u>	<u>249,930,916</u>
<b>CURRENT ASSETS</b>			
Property held for sale	7	-	10,996,013
Receivable from donors	15.2	345,855	1,104,373
Advances	8	827,762	259,956
Deposits and short-term prepayments	9	1,235,612	1,239,781
Other receivables	10	1,843,361	5,726,208
Short-term investments	11	82,051,282	19,011,712
Taxation - net	12	10,587,613	-
Cash and bank balances	13	35,019,632	84,500,153
		<u>131,911,117</u>	<u>122,838,196</u>
<b>LIABILITES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	14	(2,667,118)	(15,445,969)
Deferred grants - donors' funded	15.2	(2,231,256)	(3,266,219)
Taxation - net	12	-	(2,002,124)
		<u>(4,898,374)</u>	<u>(20,714,312)</u>
<b>NET CURRENT ASSETS</b>		127,012,743	102,123,884
Deferred grant - capital assets	16	(6,343,319)	(14,103,794)
<b>NET ASSETS</b>		<u>357,048,595</u>	<u>337,951,006</u>
<b>REPRESENTED BY</b>			
General fund		<u>357,048,595</u>	<u>337,951,006</u>
		<u>357,048,595</u>	<u>337,951,006</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

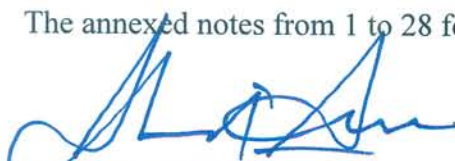
  
CHAIRPERSON

  
EXECUTIVE DIRECTOR

**SUNGI DEVELOPMENT FOUNDATION  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Note	2018 Rupees	2017 Rupees
<b>INCOME</b>			
Grant recognised	15	20,031,896	94,557,291
Amortization of deferred grant - capital assets	16.1	9,074,716	3,457,310
National socio economic registry update	18	7,273,788	25,288,614
Income on investments	19	13,158,415	8,941,865
Other income	20	10,604,230	11,343,207
		60,143,045	143,588,287
<b>EXPENDITURE</b>			
Program activities	15	20,031,896	76,882,223
Operating costs	21	30,900,928	9,967,137
Microfinance program - net	22	-	3,993,446
		50,932,824	90,842,806
Surplus before taxation		9,210,221	52,745,481
Taxation	23	9,887,368	(12,412,453)
<b>SURPLUS FOR THE YEAR</b>		<b>19,097,589</b>	<b>40,333,028</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

  
CHAIRPERSON



  
EXECUTIVE DIRECTOR

**SUNGI DEVELOPMENT FOUNDATION  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

General fund	Revolving funds				Total	
	Transport Program	Microfinance Program	Craft Program	Total Revolving Funds		
-----Rupees-----						
<b>Balance at January 01, 2017</b>	165,295,333	19,983,595	110,580,868	1,758,182	132,322,645	297,617,978
Excess of income over expenditure	40,333,028	-	-	-	-	40,333,028
Transfers to general fund from Transport program	19,983,595	(19,983,595)	-	-	(19,983,595)	-
Transfers to general fund from Microfinance program	110,580,868	-	(110,580,868)	-	(110,580,868)	-
Transfers to general fund from Craft program	1,758,182	-	-	(1,758,182)	(1,758,182)	-
<b>Balance at December 31, 2017</b>	337,951,006	-	-	-	-	337,951,006
Excess of income over expenditure	19,097,589	-	-	-	-	19,097,589
<b>Balance at December 31, 2018</b>	357,048,595	-	-	-	-	357,048,595

The annexed notes from 1 to 28 form an integral part of these financial statements.

  
CHAIRPERSON

  
EXECUTIVE DIRECTOR

**SUNGI DEVELOPMENT FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of income over expenditure	19,097,589	40,333,028
<b>Adjustment for non cash and other items :</b>		
Depreciation	2,944,884	3,367,098
Taxation	(9,887,368)	12,412,453
Amount written back - net	-	(248,193)
Provision against non-performing microcredit loans	-	2,425,465
Amortization of deferred grants	(9,074,716)	(3,457,310)
Gain on disposal of operating fixed assets	(4,994,804)	(7,645,373)
Interest income	(17,049,316)	(14,312,321)
	<u>(38,061,320)</u>	<u>(7,458,181)</u>
<b>(Deficit)/ surplus before working capital changes</b>	<b>(18,963,731)</b>	<b>32,874,847</b>
<b>Working capital changes</b>		
<b>Decrease/ (increase) in current assets</b>		
Inventories	-	-
Microcredit loan portfolio - net	-	2,158,180
Receivables from donors	758,518	4,735,107
Advances	(567,806)	13,623,479
Deposits and short-term prepayments	4,169	2,682,310
Other receivables	3,882,847	(518,962)
	<u>4,077,728</u>	<u>22,680,114</u>
<b>(Decrease)/ increase in current liabilities</b>		
Accrued and other liabilities	(12,778,851)	2,421,583
<b>Cash (used in)/generated from operations</b>	<u>(27,664,854)</u>	<u>57,976,544</u>
Tax paid during the year	(2,702,369)	(10,410,329)
Restricted grant	(1,034,963)	(21,272,427)
<b>Net cash (used in)/ generated from operating activities</b>	<u>(31,402,186)</u>	<u>26,293,788</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating assets - owned	(49,050)	(1,356,567)
Purchase of operating assets - donated	(1,385,660)	(721,463)
Capital work in progress	-	(49,050)
Proceeds for disposal of operating fixed assets	5,296,247	9,710,450
Investment made during the year - net	22,385,134	(112,210,000)
Interest received during the year	17,674,994	10,777,532
<b>Net cash generated/ (used in) from investing activities</b>	<u>43,921,665</u>	<u>(93,849,098)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>12,519,479</u>	<u>(67,555,310)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>103,500,153</u>	<u>171,055,463</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>24 116,019,632</u>	<u>103,500,153</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

  
CHAIRPERSON



  
EXECUTIVE DIRECTOR

**SUNGI DEVELOPMENT FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. LEGAL STATUS AND OPERATIONS**

Sungi Development Foundation (the Foundation) is a non-government, not for profit organization registered under the Societies Registration Act, 1860 on May 05, 1990. The objective of the Foundation is to improve the standards of living of people residing in rural and low-income areas through activities which enable them to achieve community development on a self-help basis. The principal office of the Foundation is located at 2nd floor, office no 1, Al Asghar plaza Jinnah Avenue Blue Area Islamabad.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of :

- International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board as adopted by Institute of Chartered Accountants of Pakistan
- Accounting Standard for Not for Profit Organisations (Accounting standard for NPOs) issued by Institute of Chartered Accountants of Pakistan

**2.2 Basis of measurement**

These financial statements have been prepared, using accrual basis of accounting, under the historical cost convention, except for available for sale investments which are measured at fair values, and held to maturity investments which are carried at amortized cost.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property and equipment**

These are stated at cost less accumulated depreciation and impairment, if any, except for land which is stated at cost.

Depreciation is charged to the statement of income and expenditure by applying the written down-value method except the building which is depreciated on straight line basis. The applicable rates are stated in the notes 4.1 and 4.2 to these financial statements.

In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition up to the month preceding the deletion, respectively.

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment

losses are charged to the statement of income and expenditure.

An item of property and equipment is derecognized when disposed off or when no economic benefit is expected from their use or sale. 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 statement of income and expenditure in the year the asset is derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in the statement of income and expenditure during the year in which they are incurred.

## 3.2 Investments

### Held-to-Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Foundation has the positive intention and ability to hold it to maturity. Investments in Special Savings Accounts (SSAs) and Term Deposit Receipts (TDRs), are classified as held-to-maturity investments.

These are initially measured at cost being the fair value of the consideration given. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest rate method (EIR), less impairment if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included within income on investment, in the statement of income and expenditure. The losses arising from impairment are recognized in the statement of income and expenditure.

## 3.3 Microcredit loan portfolio

All microcredit loans are stated net of provisions for loan losses. The Programme estimates the amount of incurred impairment losses on microcredit loans at each balance sheet date, to determine the provision, and believes that these provisions are reasonable with regard to the lending risk relevant to programme communities.

A specific provision is made for microcredit loan losses using a prescribed percentage. These categories are based on an age analysis of the number of days loan payments are outstanding:

Classification	Description	Provisioning
-Other assets especially mentioned (OAEM)	Overdue for 30 days or more but less than 90 days	Nil
-Substandard	Overdue for 90 days or more but less than 180 days	25%
-Doubtful	Overdue for 180 days or more but less than 365 days	50%
-Loss	Overdue for more than 365 days	100%



In addition to the above, a general provision is maintained at the rate of 1.5% of the net outstanding principal (net of specific provision) loan amounts.

All Non-Performing Loans (NPL's) are written-off 10 months after the loan is classified as substandard, or upon confirmation of the permanent disability of the loanee, such as in the case of death. For all amounts written-off, efforts continue to recover the amount due from the defaulting parties. Any recoveries there-against are shown under other income.

### **3.4 Inventories**

#### **Donations in kind**

The inventories of items received as donation in kind are valued on the basis of market prices at the time of receipt of commodities or the donor's invoice prices.

### **3.5 Staff retirement benefits**

The Foundation is operating a recognized contributory provident fund. Contributions are made by the Foundation and the employees to the fund at 10% of the basic salary of the employee.

### **3.6 Income recognition**

#### **a) Grants**

- i) Grant related to capital expenditure are deferred and recognized as income to the extent the asset is depreciated over its useful life.
  - ii) Grant related to income are restricted grants received for specific purpose which are deferred when received and are recognised to income to the extent of actual expenditure incurred.
- b) Income from service charges on disbursements to Community Organizations (microcredit loans) is recognized on accrual basis.
  - c) Interest income on investments and bank balances is recognized using effective interest rate.
  - d) Dividend income is recognized when the unit holder's right to receive payment is established.

### **3.7 Expenditure**

Expenses are carried at cost and are recognised on accrual basis i.e. fair value of consideration paid or to be paid in future.

Expenses related to capital expenditure are capitalized in operating fixed assets - funded by donor and charged to income over useful life of the asset.

### **3.8 Provisions**

A provision is recognized in the financial statements when the Foundation has legal or constructive obligation as a result of past events and it is probable 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 obligation.



### **3.9 Taxation**

The grant income of the Foundation is exempt from tax under clause 58 of Second Schedule of the Income Tax Ordinance, 2001. The provision for current taxation is based on other taxable income at the current rates of taxation after taking into account tax credit available, if any, or one percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

### **3.10 Functional and presentation currency**

Items included in these financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates (the functional currency), which is the Pakistan Rupee (Rs).

### **3.11 Foreign currency transactions and translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the approximate rates of exchange ruling on the date of the transactions. Exchange differences are charged to the statement of income and expenditure.

### **3.12 Financial assets and liabilities**

Financial assets and financial liabilities are recognized when the Foundation becomes a party to contractual provisions of the instrument. These are initially measured at the fair value. These financial assets and liabilities are subsequently measured at fair value or amortized cost, whichever is applicable. The Foundation derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Foundation recognizes the regular way purchase or sale of financial assets using settlement date accounting.

#### **a. Off-setting of financial assets and liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Foundation has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **b. Accrued and other liabilities**

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

#### **c. Receivables**

These are stated at cost less provision for impairment if any. Known impaired receivables are written off, when identified. However, doubtful receivables are fully provided for.

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### 3.13 Revolving Funds

Following are the types of revolving funds that were created by the Foundation with the approval of the Board of Governors.

- a) Transport revolving fund
- b) Credit revolving fund
- c) Craft revolving fund

### 3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances and short-term investments having maturity up to three months.

### 3.15 Significant accounting judgements and critical accounting estimates/assumptions

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

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

Judgements and assumptions have been required by the management in applying the Foundation's accounting policies in many areas. Actual results may differ from estimates calculated using through judgements and assumptions.

Major areas involving critical accounting estimates and significant assumptions concerning the

- a) Residual values and useful lives of property and equipment with corresponding effect on the depreciation charge and impairment loss.
- b) Effective interest rate in held to maturity investment and corresponding effect in income recognition and impairment loss
- c) Provision for micro credit loan losses and impairment losses
- d) Provision for staff retirement benefits
- e) Contingencies for expected outcomes of legal cases.

	Note	2018 Rupees	2017 Rupees
<b>4 PROPERTY AND EQUIPMENT</b>			
<b>Operating fixed assets</b>			
Own resources	4.1	45,402,217	46,866,484
Funded by donors	4.2	6,343,319	6,690,669
		51,745,536	53,557,153
<b>Capital work-in-progress</b>	4.3	-	49,050
		<u>51,745,536</u>	<u>53,606,203</u>

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#### 4.1 Operating fixed assets - Own resources

	Land	Building	Freehold Improvement	Furniture and fixtures	Office equipment	Computers and printers	Motor Vehicles	Total
-----Rupees-----								
<b>Cost</b>								
At January 01, 2017	35,953,746	5,994,736	2,798,579	2,807,071	2,769,550	251,347	9,250,518	59,825,547
Additions	-	-	-	-	-	1,356,567	-	1,356,567
Deletions	-	-	-	(118,193)	(200,000)	(26,900)	(571,870)	(916,963)
Transfers	-	(1,100,581)	-	-	-	-	-	(1,100,581)
At December 31, 2017	35,953,746	4,894,155	2,798,579	2,688,878	2,569,550	1,581,014	8,678,648	59,164,570
Additions	-	49,050	-	-	-	-	-	49,050
Deletions	-	-	-	(51,351)	(750,236)	(49,245)	(533,000)	(1,383,832)
<b>At December 31, 2018</b>	<b>35,953,746</b>	<b>4,943,205</b>	<b>2,798,579</b>	<b>2,637,527</b>	<b>1,819,314</b>	<b>1,531,769</b>	<b>8,145,648</b>	<b>57,829,788</b>
<b>Accumulated depreciation</b>								
At January 01, 2017	-	24,978	2,587,504	2,124,588	2,363,240	209,876	3,929,998	11,240,184
Depreciation charge	-	244,708	38,552	123,570	71,326	367,497	955,681	1,801,334
Depreciation on deletions	-	-	-	(109,520)	(173,955)	(26,221)	(429,150)	(738,846)
Depreciation on Transfer	-	(4,586)	-	-	-	-	-	(4,586)
At December 31, 2017	-	265,100	2,626,056	2,138,638	2,260,611	551,152	4,456,529	12,298,086
Depreciation charge	-	228,619	31,511	99,781	51,359	292,836	769,660	1,473,766
Depreciation on deletions	-	-	-	(47,838)	(722,509)	(49,157)	(524,777)	(1,344,281)
<b>At December 31, 2018</b>	<b>-</b>	<b>493,719</b>	<b>2,657,567</b>	<b>2,190,581</b>	<b>1,589,461</b>	<b>794,831</b>	<b>4,701,412</b>	<b>12,427,571</b>
<b>Carrying amount</b>								
At December 31, 2018	35,953,746	4,449,486	141,012	446,946	229,853	736,938	3,444,236	45,402,217
At December 31, 2017	35,953,746	4,629,055	172,523	550,240	308,939	1,029,862	4,222,119	46,866,484
<b>Rate of depreciation</b>	-	20 years	20%	20%	20%	33%	20%	

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#### 4.2 Operating fixed assets - Funded by donors

	Land	Building	Freehold Improvem	Leasehold Improveme	Furniture and	Office equipment	Computers and printers	Motor Vehicles	Total
-----Rupees-----									
<b>Cost</b>									
At January 01, 2017	7,413,125	-	528,000	983,472	5,112,853	8,286,756	8,696,328	19,792,145	50,812,679
Additions	-	-	-	-	157,900	63,000	500,563	-	721,463
Deletions	-	-	-	-	(833,312)	(793,091)	(643,015)	(10,096,203)	(12,365,621)
Transfers	(7,413,125)	1,100,581	-	-	-	-	-	-	(6,312,544)
At December 31, 2017	-	1,100,581	528,000	983,472	4,437,441	7,556,665	8,553,876	9,695,942	32,855,977
Additions	-	-	-	-	380,100	531,150	474,410	-	1,385,660
Deletions	-	-	(528,000)	-	(644,648)	(153,810)	(2,011,338)	(176,443)	(3,514,239)
<b>At December 31, 2018</b>	-	1,100,581	-	983,472	4,172,893	7,934,005	7,016,948	9,519,499	30,727,398
<b>Accumulated depreciation</b>									
At January 01, 2017	-	-	472,036	983,472	4,132,383	6,043,712	7,072,325	16,369,691	35,073,619
Depreciation charge	-	55,029	10,222	-	170,997	396,594	478,619	454,303	1,565,764
Depreciation on deletions	-	-	-	-	(673,150)	(638,188)	(609,942)	(8,557,381)	(10,478,661)
Transfers	-	4,586	-	-	-	-	-	-	4,586
At December 31, 2017	-	59,615	482,258	983,472	3,630,230	5,802,118	6,941,002	8,266,613	26,165,308
Depreciation charge	-	50,872	-	-	195,227	408,995	555,560	260,464	1,471,118
Depreciation on deletions	-	-	(482,258)	-	(567,810)	(126,929)	(1,902,180)	(173,170)	(3,252,347)
<b>At December 31, 2018</b>	-	110,487	-	983,472	3,257,647	6,084,184	5,594,382	8,353,907	24,384,079
<b>Carrying amount</b>									
At December 31, 2018	-	990,094	-	-	915,246	1,849,821	1,422,566	1,165,592	6,343,319
At December 31, 2017	-	1,040,966	45,742	-	807,211	1,754,547	1,612,874	1,429,329	6,690,669
<b>Rate of depreciation</b>	-	20 years	20%	33%	20%	20%	33%	20%	

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	Note	2018 Rupees	2017 Rupees
<b>4.3 Capital work-in-progress</b>			
<b>Construction of building on Shimla and Banigala land</b>			
Balance at the beginning of the year- Banigala		49,050	3,582,888
Additions during the year		-	49,050
		<u>49,050</u>	<u>3,631,938</u>
Less;			
Transferred to property plant and equipment		-	-
Transferred to property held for sale- Banigala		(49,050)	(3,582,888)
		<u>(49,050)</u>	<u>(3,582,888)</u>
Balance at the end of the year- Shimla		-	49,050

## 5 LONG-TERM INVESTMENTS

### Held to maturity - Special Savings Accounts (SSAs) and TDRs 5.1

Balance at the beginning of the year		196,324,713	78,641,944
Investments made during the year		48,015,000	119,210,000
Accrued markup on Investments		10,694,056	8,255,269
Investments matured during the year		(70,400,134)	(9,782,500)
		<u>184,633,635</u>	<u>196,324,713</u>

5.1 Investment in SSAs carry interest rate ranges from 6.4% to 13.25%. (2017: 6.4% to 11.80%) per annum. Maturity of these are three years.

	Note	2018 Rupees	2017 Rupees
<b>6 MICROCREDIT LOAN PORTFOLIO - NET</b>			
<b>Considered good - Unsecured</b>			
Microfinance Women Empowerment Program	6.1	-	-
Less: General provision	6.2	-	-
	6.3	<u>-</u>	<u>-</u>

### 6.1 Microfinance Women Empowerment Program

#### Principal amount receivable

Receivable at the beginning of the year		-	5,316,250
Disbursements during the year		-	-
Recoveries during the year		-	(1,079,090)
Written-off during the year against provision		-	(4,237,160)
Balance at the end of the year		<u>-</u>	<u>-</u>

	Note	2018 Rupees	2017 Rupees
<b>6.2 Provision for doubtful debt - general</b>			
Opening balance		-	1,811,695
Charge for the year		-	2,425,465
Amounts written off		-	(4,237,160)
Closing balance		-	-

6.3 As per management, Microfinance Women Empowerment Program has been closed and no new loans were disbursed during the year. However, expenditure were incurred during the year for the recovery of outstanding loans and the balance amount has been written off. Total fund balance under Microfinance program has been transfered to genral fund on closure of the programme as per management decision.

	Note	2018 Rupees	2017 Rupees
<b>7 PROPERTY HELD FOR SALE</b>			
Operating fixed assets - funded by donors	4.2	-	7,413,125
Capital work in progress	4.3	-	3,582,888
	7.1	-	10,996,013

7.1 This represent land and partially completed building located at Banigala, transferred to property held for sale as per agreement for sale dated October 20, 2017 . The land and building has been sold during the year for Rs. 15.795 million.

	Note	2018 Rupees	2017 Rupees
<b>8 ADVANCES</b>			
To employees - considered good			
-against operations		6,892	8,767
-against salary		820,870	251,189
		827,762	259,956

	Note	2018 Rupees	2017 Rupees
<b>9 DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Security deposits - considered good		872,000	875,500
Prepayments		363,612	364,281
		1,235,612	1,239,781

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	Note	2018 Rupees	2017 Rupees
<b>10 OTHER RECEIVABLES</b>			
Interest accrued on bank deposits		1,841,476	2,548,892
Others		1,885	3,177,316
		<u>1,843,361</u>	<u>5,726,208</u>

### 11 SHORT-TERM INVESTMENTS

Term Deposit Receipts (TDRs) - Held to maturity			
Carrying amount		81,000,000	19,000,000
Accrued markup	11.1	1,051,282	11,712
		<u>82,051,282</u>	<u>19,011,712</u>

11.1 Investment in TDRs carry interest rate of 8.20% (2017: 4.50%) per annum with maturity upto three months.

	Note	2018 Rupees	2017 Rupees
<b>12 TAXATION - NET</b>			
Balance at the beginning of year		2,002,124	-
Tax provision:	23		
Current year		939,863	11,555,441
Prior year		(10,827,231)	857,012
Tax deducted at source		(2,702,369)	(10,410,329)
		<u>(10,587,613)</u>	<u>2,002,124</u>

### 13 CASH AND BANK BALANCES

Cash in hand		1,700	-
Cash in transit		-	1,113,967
With banks in saving accounts			
Local currency		29,823,095	79,195,685
Foreign currency		5,194,837	4,190,501
	13.1	<u>35,017,932</u>	<u>83,386,186</u>
		<u>35,019,632</u>	<u>84,500,153</u>

13.1 Interest on saving accounts (local currency) ranges from 3.75% to 6.5% (2017: 3.75% to 6.5% ) per annum. Saving accounts (foreign currency) carry interest at 0.1% (2017: 0.1%) per annum.

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	Note	2018 Rupees	2017 Rupees
<b>14 ACCRUED AND OTHER LIABILITIES</b>			
Accounts payable for:			
-Head office activities		598,748	482,762
-Projects activities		48,565	9,295,760
Accrued expenses		1,460,455	1,187,853
Salaries payable		397,230	722,770
Advance received against sale of land	14.1	-	3,500,000
Miscellaneous		162,120	256,824
		<u>2,667,118</u>	<u>15,445,969</u>

14.1 It represents advance money received against property located in Banigala which is classified as held for sale as explained in note 7 to the financial statements.

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	Note	2018 Rupees	2017 Rupees
15 GRANT RECOGNISED			
Unrestricted funds	15.1	-	17,675,068
Deferred grants - donors' funded	15.2	20,031,896	76,822,223
		<u>20,031,896</u>	<u>94,497,291</u>

15.1 This represents unspent balances of deferred grants/ donations relating to projects closed in prior years which have been transferred to unrestricted funds as per decision of the management.

15.2 DEFERRED GRANTS - DONORS' FUNDED

Description	Note	Balance as at January 01, 2018	Add: Funds received from donor during the year	Add: Sungi's own contribution during the year	Less: Opening Receivable	Add: Closing Receivables	Less: Transfer to Deferred Capital Grant	Add: Other operating income	Add/(Less): Exchange Gain/(Loss)	Project expenditures	Less: Grant Income recognized for the year as per expenditure incurred	Transfer to Unrestricted funds	Refund/ adjustment of un-spent balance	Closing Balance in Restricted Grants December 31, 2018
Rupees														
Pakistan Poverty Alleviation Fund	15.3	1,810,327	-	-	345,855	345,855	-	-	-	-	-	-	-	1,810,327
Norwegian Church Aid	15.4	342,388	-	-	-	-	-	-	-	-	-	-	-	342,388
Development Alternative Incorporation (DAI) / DFID	15.5	1,034,963	6,525,740	-	-	-	-	-	(119,721)	6,666,034	6,666,034	-	(774,948)	-
Trust for Democratic Education and Accountability Aus-Aid	15.6	78,541	14,294,722	-	758,518	-	-	-	-	13,365,862	13,365,862	-	(170,342)	-
	15.7	78,541	-	-	-	-	-	-	-	-	-	-	-	78,541
		<u>3,266,219</u>	<u>20,820,462</u>	-	<u>1,104,373</u>	<u>345,855</u>	-	-	<u>(119,721)</u>	<u>20,031,896</u>	<u>20,031,896</u>	-	<u>(945,290)</u>	<u>2,231,256</u>
<b>15.3 Pakistan Poverty Alleviation Fund</b>														
Pakistan Poverty Alleviation Fund (PPAF - CPI V)		-	-	-	22,056	22,056	-	-	-	-	-	-	-	-
Pakistan Poverty Alleviation Fund (PPAF-CPI)		1,395,806	-	-	-	-	-	-	-	-	-	-	-	1,395,806
Pakistan Poverty Alleviation Funds- CB		93,568	-	-	-	-	-	-	-	-	-	-	-	93,568
PPAF Social sector Development Project - Health project		-	-	-	81,106	81,106	-	-	-	-	-	-	-	-
Pakistan Poverty Alleviation Fund for Rehabilitation and Reconstruction- BOI		320,953	-	-	-	-	-	-	-	-	-	-	-	320,953
Pakistan Poverty Alleviation Fund (PPAF - Disability)		-	-	-	167,520	167,520	-	-	-	-	-	-	-	-
Human & Institutional Development Balakot		-	-	-	33,172	33,172	-	-	-	-	-	-	-	-
PPAF New Intervention under ID		-	-	-	42,001	42,001	-	-	-	-	-	-	-	-
		<u>1,810,327</u>	-	-	<u>345,855</u>	<u>345,855</u>	-	-	-	-	-	-	-	<u>1,810,327</u>
<b>15.4 Norwegian Church Aid</b>														
Assistance to flood-Affected families in Sindh and Punjab Project ID: 120080-1		342,388	-	-	-	-	-	-	-	-	-	-	-	342,388
		<u>342,388</u>	-	-	-	-	-	-	-	-	-	-	-	<u>342,388</u>
<b>15.5 Development Alternative Incorporation (DAI) / DFID</b>														
Aawaz Voice & Accountability Project - Inception& Implementation phase		1,034,963	4,397,572	-	-	-	-	-	(119,721)	4,692,060	4,692,060	-	(620,754)	-
CDIP-TABEER Consolidating Democracy in Pakistan		-	2,128,168	-	-	-	-	-	-	1,973,974	1,973,974	-	(154,194)	-
		<u>1,034,963</u>	<u>6,525,740</u>	-	-	-	-	-	<u>(119,721)</u>	<u>6,666,034</u>	<u>6,666,034</u>	-	<u>(774,948)</u>	-
<b>Trust for Democratic Education and Accountability</b>														
Citizens' Observation for Transparent and Accountable Elections in Pakistan		-	14,294,722	-	758,518	-	-	-	-	13,365,862	13,365,862	-	(170,342)	-
		-	<u>14,294,722</u>	-	<u>758,518</u>	-	-	-	-	<u>13,365,862</u>	<u>13,365,862</u>	-	<u>(170,342)</u>	-
<b>15.7 Aus-Aid</b>														
Rehabilitation of water supply schemes in UC Hattian Bala - AJK		78,541	-	-	-	-	-	-	-	-	-	-	-	78,541
		<u>78,541</u>	-	-	-	-	-	-	-	-	-	-	-	<u>78,541</u>
		<u>3,266,219</u>	<u>20,820,462</u>	-	<u>1,104,373</u>	<u>345,855</u>	-	-	<u>(119,721)</u>	<u>20,031,896</u>	<u>20,031,896</u>	-	<u>(945,290)</u>	<u>2,231,256</u>

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	Note	2018 Rupees	2017 Rupees
<b>16 DEFERRED GRANT - CAPITAL ASSETS</b>			
Property and equipment	16.1	6,343,319	14,103,794
Intangible assets	16.2	-	-
		<u>6,343,319</u>	<u>14,103,794</u>
<b>16.1 Property and equipment</b>			
Balance at the beginning of the year			
Cost		32,855,977	50,812,679
Accumulated Amortization		(26,165,308)	(35,073,619)
		6,690,669	15,739,060
Additions-cost		1,385,660	721,463
Deletions-cost		(3,514,239)	(12,365,621)
Transfers		-	(6,312,544)
Amortization for the year		(1,471,118)	(1,565,764)
Amortization on deletions		3,252,347	10,478,661
Amortization on Transfers		-	(4,586)
		(347,350)	(9,048,391)
Closing Balance			
Cost :			
Assets available for use		30,727,398	32,855,977
Assets held for sale		-	7,413,125
		30,727,398	40,269,102
Accumulated Amortization		(24,384,079)	(26,165,308)
		<u>6,343,319</u>	<u>14,103,794</u>
<b>16.2 Intangibles</b>			
Balance at the beginning of the year			
Cost		1,336,438	1,336,438
Accumulated Amortization		(1,336,438)	(1,336,438)
		-	-

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### 16.3 Donor wise breakup of cost

	Property and Equipment			Balance at December 31, 2018
	Balance at January 01, 2018	Additions during the year	Deletions/ transfers during the year	
-----Rupees-----				
<b>Donor</b>				
Oxfam Novib	18,570,921	-	(9,548,745)	9,022,176
Royal Norwegian Embassy	74,321	-	-	74,321
Agha Khan Foundation	411,450	-	(253,000)	158,450
American Institute for Research -RISE	738,331	-	(110,730)	627,601
Canadian Hunger Foundation	3,069,190	-	(192,000)	2,877,190
CARE Pakistan	2,500	-	-	2,500
Canadian International Development Agency	(40,000)	-	-	(40,000)
Catholic Relief Services	7,050	-	-	7,050
Diakonie Katastrophenhilfe	1,403,944	-	(128,300)	1,275,644
Department For International Development	205,540	-	-	205,540
Friedrich Naumann Foundation	4,500	-	-	4,500
Deutsche Gesellschaft für Internationale Zusammenarbeit	60,000	-	-	60,000
Malteser International	175,900	-	-	175,900
Norwegian Church Aid	1,012,392	-	(35,658)	976,734
Norwegian Agency for Development Cooperation	1,808,358	-	-	1,808,358
Pakistan Poverty Alleviation Fund	4,837,505	-	(50,000)	4,787,505
Save the Children	1,751,681	-	(338,180)	1,413,501
Sight Saver	153,750	-	-	153,750
Terres Des Hommes	1,345,725	-	(76,600)	1,269,125
The Asia Foundation	350,000	-	-	350,000
Trust of Voluntary Organization	5,450	-	-	5,450
Trust for Democratic Education and Accountability	795,113	-	-	795,113
Disaster Management Pooled Funding	47,285	-	-	47,285
Pooled Funding	3,019,372	-	(194,151)	2,825,221
Development Fund; Norwegian NGO	9,500	-	-	9,500
CONCERN World Wide	281,243	-	-	281,243
Development Alternative Incorporation (DAI)	-	1,385,660	-	1,385,660
Other Donations	168,082	-	-	168,082
	<b>40,269,102</b>	<b>1,385,660</b>	<b>(10,927,364)</b>	<b>30,727,398</b>

	Intangible assets			Balance at December 31, 2018
	Balance at January 01, 2018	Additions during the year	Deletions/ transfers during the year	
-----Rupees-----				
<b>Donor</b>				
Oxfam Novib	750,000	-	-	750,000
Save the Children SC - USA	237,778	-	-	237,778
Others	348,660	-	-	348,660
	<b>1,336,438</b>	<b>-</b>	<b>-</b>	<b>1,336,438</b>

## 17 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments at the end of the year (2017: nil).

## 18 NATIONAL SOCIO ECONOMIC REGISTRY UPDATE

	Note	2018 Rupees	2017 Rupees
Service charge income		9,547,870	118,580,023
Less: Expenditure	18.1	<u>(2,274,082)</u>	<u>(93,291,409)</u>
		<u>7,273,788</u>	<u>25,288,614</u>
18.1 Expenditure on NSERU			
Human resources	18.1.1	2,164,126	84,201,925
Sales tax		95,478	1,176,554
Office operations cost		-	3,749,235
Other cost		14,478	4,163,695
Total expenditure		<u>2,274,082</u>	<u>93,291,409</u>
18.1.1 Human resources			
Enumerators		390,230	52,989,668
Supervisors		103,094	10,729,435
Social mobilizer		54,750	8,799,661
Permanent staff		1,616,052	11,683,161
		<u>2,164,126</u>	<u>84,201,925</u>
19 INCOME ON INVESTMENTS			
Income on Long Term Investment		11,455,407	8,255,269
Income on Short Term Investment		<u>1,703,008</u>	<u>686,596</u>
		<u>13,158,415</u>	<u>8,941,865</u>
20 OTHER INCOME			
Income on bank deposits		3,890,901	5,370,456
Exchange (loss) / gain		1,184,725	(2,724,709)
Gain on disposal of operating fixed assets		4,994,804	7,645,373
Miscellaneous income		533,800	1,052,087
		<u>10,604,230</u>	<u>11,343,207</u>

	Note	2018 Rupees	2017 Rupees
<b>21 OPERATING COSTS</b>			
Salaries, wages and benefits		19,277,808	4,626,729
Staff travel		122,738	60,705
Communication cost		342,920	22,430
Office supplies		437,830	19,959
Office rent and maintenance		3,362,177	18,216
Office Utilities		516,139	4,868
Office Security		840,974	72,000
Vehicle running cost		654,878	-
Office equipment maintenance		67,811	15,063
Auditors' remuneration		660,000	632,500
Depreciation - owned resources	4.1	1,473,766	1,801,334
Depreciation - donated funded by donor	4.2	1,471,118	1,565,764
Bank charges		92,729	121,098
Consultancy expenses		627,033	366,800
Registration/Membership fee		122,193	206,028
National/international trainings		97,533	75,227
Program development		474,938	325,087
Meeting expenses		26,143	22,329
Miscellaneous expenditure		232,200	11,000
		<u>30,900,928</u>	<u>9,967,137</u>

	Note	2018 Rupees	2017 Rupees
<b>22 MICROFINANCE PROGRAM - NET</b>			
Service charge income		-	-
Less:			
Insurance		-	-
Provision for doubtful loans - general		-	-
Commission to Lady Village Accountant	22.1	-	169,048
		-	169,048
Service charges - net		-	(169,048)
Income on			
Investment	22.2	-	-
Bank account		-	-
		-	-
Less: Expenditure on Microfinance program	22.3	-	(3,824,398)
Net loss		-	<u>(3,993,446)</u>

22.1 Lady village accountants (LVA's) are paid a commission, on the basis of monthly recoveries against microcredit loans as per project's policy.



	Note	2018 Rupees	2017 Rupees
<b>22.2 Income on Investment</b>			
Markup on special saving account		-	-
<b>22.3 Expenditure on Microfinance program</b>			
Salaries, wages and benefits		-	931,244
Vehicle operation and maintenance		-	25,853
Staff training and travel		-	23,131
Loans written off		-	2,425,465
Building rent and maintenance		-	250,000
Printing and stationery		-	5,904
Communication cost		-	9,500
Bank charges		-	2,316
Annual membership fee		-	150,000
Miscellaneous expenses		-	985
		-	3,824,398
<b>23 TAXATION</b>			
Provision for:			
Prior year		(10,827,231)	857,012
Current year		939,863	11,555,441
		(9,887,368)	12,412,453
<b>24 CASH AND CASH EQUIVALENTS</b>			
Short-term investments in Term Deposit Receipts	11	81,000,000	19,000,000
Cash and bank balances	13	35,019,632	84,500,153
		116,019,632	103,500,153
<b>25 REMUNERATION TO THE EXECUTIVE DIRECTOR</b>			

Remuneration and other benefits are provided to executive director during the year.

	Executive Director	
	2018 Rupees	2017 Rupees
Salaries and other benefits	4,687,800	4,052,800
Retirement benefits	462,000	400,000
	5,149,800	4,452,800
Number of Persons	1	1

**26 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. No significant reclassification is made during the year.

**27 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board on 11 0 APR 2019.

**28 GENERAL**

Figures have been rounded off to the nearest Pak Rupee.

  
CHAIRPERSON



  
EXECUTIVE DIRECTOR

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