SHAH SACHAL SAMI FOUNDATION

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30,2021

INDEPENDENT AUDITORS' REPORT

To the members of SHAH SACHAL SAMI FOUNDATION
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SHAH SACHAL SAMI FOUNDATION** ("The Company"), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure, the statement of changes in funds & reserves, the statement of cash flows for the year then ended, and notes to and forming part of 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, and the statement of income and expenditure, the statement of changes in funds & reserves, the statement of cash flows, and notes to and forming part of the financial statements thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and the statement of income and expenditure, the statement of changes in funds & reserves, the statement of cash flows for the year then ended.

Basis for Opinion

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

Information Other the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other information included in company's Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements, does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, and the statement of income and expenditure, the statement of changes in funds & reserves, the statement of cash flows, and notes to and forming part of the financial statements thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the period 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 auditors' report is Mazhar Arshad.

ZAHID JAMIL & CO ISLAMABAD CHARTERED ACCOUNTANTS

Place: Islamabad
Date: September 30, 2021

ZAHID JAMIL & CO
Chartered Accountants

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	30 June 2021	30 June 2020
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant And Equipment	7	14,065,157	14,239,521
Intangible Assets	8	-	-
Deferred Tax Asset - Net	9	1,745,801	1,720,881
		15,810,958	15,960,401
CURRENT ASSETS			
Loans to Customers - Net of Provision	10	162,156,478	161,351,964
Other Loans and Advances	11	7,271,308	994,666
Stationery and publications		1,168,198	1,373,709
Deposits and short term prepayments	12	2,039,167	1,615,750
Interest accrued on microcredit lending	13	29,895,576	35,939,023
Other receivables	14	8,196,110	14,213,922
Cash and bank balances	15	30,747,176	12,960,248
		241,474,013	228,449,282
		257,284,970	244,409,683
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted fund		61,428,803	57,677,641
Restricted fund		3,701,808	5,411,956
Endowment Fund	16	11,000,000	11,000,000
		76,130,611	74,089,597
NON - CURRENT LIABILITIES			
Subordinated loan - unsecured	17	-	16,000,000
Non-current portion of microcredit lending - secured	21	48,000,000	89,750,000
Deferred capital grant	18	91,767	124,009
		48,091,767	105,874,009
CURRENT LIABILITIES			
Subordinated loan - unsecured	17	8,000,000	-
Other payables	19	5,127,587	5,940,652
Mark-up accrued on loans	20	4,583,403	5,727,297
Current portion of microcredit lending - secured	21	110,750,000	49,000,000
Provision for taxation - net	22	4,601,602	3,778,127
		133,062,592	64,446,077
TOTAL LIABILITIES		181,154,359	170,320,086
TOTAL FUNDS, RESERVES AND LIABILITIES		257,284,970	244,409,683
Contingencies and commitments	23		

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

Shahnaz

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021			30 June 2020		
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
		(Rupees)					
INCOME							
Interest income/Service Charges on loans to customers	24	-	43,850,477	43,850,477	-	59,943,360	59,943,360
Loans related fees	25	-	1,571,281	1,571,281	-	5,669,451	5,669,451
Deferred capital grant recognized	18	-	32,242	32,242	-	43,571	43,571
Recovery from loans written-off		-	842,919	842,919	-	342,028	342,028
Provision against non-performing loans & advances	10.4	-	-	-	-	607,141	607,141
Interest on bank deposits and short term investments		-	676,797	676,797	-	1,177,155	1,177,155
Gain on disposal		-	-	-	-	-	-
Restricted grants	26	7,261,690	-	7,261,690	17,499,902	-	17,499,902
Others			269,265	269,265	-	191,992	191,992
		7,261,690	47,242,982	54,504,672	17,499,902	67,974,698	85,474,600
EXPENDITURE							
Finance cost	27	-	16,606,416	16,606,416	-	25,094,336	25,094,336
Provision against non-performing loans & advances	10.4	-	42,342	42,342	-	-	-
Loans/receivable directly written-off		-	-	-	-	5,261,987	5,261,987
Administrative and program expenses	28	8,971,838	26,044,507	35,016,345	15,245,377	32,856,794	48,102,171
		8,971,838	42,693,266	51,665,104	15,245,377	63,213,117	78,458,494
Surplus/(deficit) of income over expenditure before taxation		(1,710,148)	4,549,717	2,839,569	2,254,525	4,761,580	7,016,105
Income tax expense	30		(798,555)	(798,555)	-	(1,569,726)	(1,569,726)
Surplus of income over expenditure after taxation		(1,710,148)	3,751,162	2,041,014	2,254,525	3,191,855	5,446,380

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021	30 June 2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus/defict for the year before taxation		**2,839,569**	7,016,105
Adjustments for non-cash changes:			
Depreciation of property and equipment		**2,234,564**	2,447,967
Amortization of intangible assets		**-**	-
Provision against non-performing loans & advances		**42,342**	-
Amortization of deferred grant		**(32,242)**	(43,571)
Interest income/service charges		**(44,527,274)**	(61,120,515)
Gain on disposal		**-**	-
Financial charges		**16,606,416**	25,094,336
		(25,676,195)	(33,621,782)
		(22,836,626)	(26,605,677)
(Increase) / decrease in current assets:			
Loans to customers - net of provision		**(804,514)**	11,535,701
Other loans and advances		**(6,276,642)**	(677,016)
Accrued interest income		**6,043,447**	(24,536,913)
Deposits and short term prepayments		**(423,417)**	(316,250)
Stationery & publication		**205,511**	264,250
Other receivables		**6,017,812**	(1,704,442)
		4,762,197	(15,434,670)
Increase / (decrease) in current liabilities:			
Mark-up accrued on microcredit lending		**(1,143,894)**	(544,874)
Current Portion Microcredit		**61,750,000**	(29,750,000)
Other payables		**(813,066)**	148,533
		59,793,040	(30,146,340)
Cash inflows / (outflows) from operations		**41,718,612**	(72,186,687)
Financial charges paid		**(12,023,013)**	(19,367,039)
Net cash inflows / (outflows) from operating activities		**29,695,599**	(91,553,726)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Sale proceeds		**-**	-
Acquisition of fixed assets		**(2,060,200)**	(2,624,470)
Short term financing		**-**	(3,600,000)
Net cash inflows / (outflows) from investing activities		**(2,060,200)**	(6,224,470)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received		**31,901,529**	55,393,217
Non-current portion Microcredit		**(41,750,000)**	18,500,000
Short term investment		**-**	15,000,000
Net cash inflows / (outflows) from financing activities		**(9,848,471)**	88,893,217
Net increase / (decrease) in cash and cash equivalents		**17,786,928**	(8,884,979)
Cash and cash equivalents at the start of the year		**12,960,248**	21,845,227
Cash and cash equivalents at the end of the year	33	**30,747,176**	12,960,248

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUNDS & RESERVES
FOR THE YEAR ENDED 30 JUNE 2021

	Unrestricted fund	Restricted fund	Endowment Fund	Total
	(Rupees)			
Balance as of 01 July 2016	32,097,509	-	4,000,000	36,097,509
Transfer from Endowment Fund to unrestricted fund	4,000,000	-	(4,000,000)	-
Endowment fund from PPAF	-	-	11,000,000	11,000,000
Surplus of the year	(3,066,956)	13,673,790	-	10,606,834
Balance as at 30 June 2017	33,030,553	13,673,790	11,000,000	57,704,343
Surplus of the year	5,561,584	3,152,921	-	8,714,505
Transfer from restricted fund to unrestricted fund	13,604,576	(13,604,576)	-	-
Balance as at 30 June 2018	52,196,713	3,222,135	11,000,000	66,418,848
Surplus/deficit of the year	2,289,074	(64,704)	-	2,224,370
Balance as at 30 June 2019	54,485,786	3,157,431	11,000,000	68,643,217
Surplus/deficit of the year	3,191,855	2,254,525	-	5,446,380
Balance as at 30 June 2020	**57,677,641**	**5,411,956**	**11,000,000**	**74,089,597**
Surplus/deficit of the year	**3,751,162**	**(1,710,148)**	-	**2,041,014**
Balance as at 30 June 2021	**61,428,803**	**3,701,808**	**11,000,000**	**76,130,611**

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Shahmir

DIRECTOR

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1 STATUS, BACKGROUND AND NATURE OF OPERATIONS

1.1 Shah Sachal Sami Foundation ("the Company" / "SSSF") was registered in Pakistan on 18 October, 2016 as a public company, limited by guarantee, not having share capital and licensed under Section 42 of the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017, with effect from 30 May, 2017). The registered office of the Company is situated at House No. 160, Near Gulshan School, Society, Shaheed Benazir Abad, Sindh.

Geographical location and address of business units including branch offices:

NawabShah	**Purpose**
House No. 160, Near Gulshan School, Society, NawabShah (Shaheed Benazir Abad), Sindh	Head office
Dour	Branch Office
Sakrand	Branch Office
Head Branch	Branch Office

1.2 The Company has been granted license by the Securities and Exchange Commission of Pakistan (SECP) on 30 March, 2017 to carry out investment finance services as Non-Banking Finance Company under rule 5 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through SRO 1002 (I)/20015.The license is valid for three years from March 30, 2017 and shall be renewable every three years as specified.The license has been renewed During the year, the company Investment Finance Services license has been renewed by the Securities and Exchange Commission of Pakistan (SECP) on 18th May 2021.The license is valid for three year from March 30,2020 and shall be renewable every three years as specified.

1.3 The principal activity of the Company is to provide cost effective micro finance services and deals with the projects / programs for helping the poor, landless and asset less for enabling them to gain access to resources for their productive self employment and to encourage them for undertaking activities of income generation and poverty alleviation and for enhancing their quality of life.

1.4 Summary of significant transactions and events

a) During the year, the loans amounting to Rs. 153,181,000 have been disbursed to the community, while the loans amounting to Rs.152,334,144 have been recovered from the community (refer to note 10 for details).

b) During the year, the company entered into the Term Facility Agreement with the Pakistan Microfinance Investment Company(PMIC) on 4th March 2021 for the Term Facility up to Rs. 171.25 million for the purpose of microfinance operations.

c) During the year, the company Investment Finance Services license has been renewed by the Securities and Exchange Commission of Pakistan (SECP) on 18th May 2021.

2 STATEMENT OF COMPLIANCE

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS , the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 STANDARDS, AMENDMENTS AND IMPROVEMENTS TO THE APPROVED ACCOUNTING STANDARDS APPLICABLE TO THE FINANCIAL STATEMENTS

3.1 New Standards, Amendments or Interpretations

The company has adopted the following standards, amendments and improvements to International Financial Reporting Standards (IFRSs) which became effective in the current year.

IFRS 16	Covid 19 Related Rent Concessions (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)
IFRS 3	Definition of a Business (Amendments)
IFRS 9/IAS 39 /IFRS 7	Interest Rate Benchmark Reform (Amendments)

3.2 Improvements to Accounting Standards Issued by IASB (2018-2020cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial	01 Jauary, 2022
IFRS 41	Agriculture – Taxation in fair value measurements	01 Jauary, 2022
IFRS 16	Leases: Lease incentives	01 Jauary, 2022

The adoptation of above standards, amendments, interpretations and improvements to the accounting standards did not have any effect on the Company's finanical statements.

SHAHID JAMIL & CO
ISLAMABAD
CHARTERED ACCOUNTANTS

3.3 Changes in accounting polices and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

3.4 Standards, Amendments and Improvements to the Approved Accounting Standards which are not yet Effective

The following new standards, amendments and improvements to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation.

Standard/ IFRIC		Effective date (annuals periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January, 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April, 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January, 2022
IFRS 8	Reference to the Conceptual Framework (Amendments)	01 January, 2022
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet Finalized
IAS 16	Proceeds before Intended Use (Amendments)	01 Jauary, 2022
IAS 37	Onerous Contracts - Cost of fulfilling a Contract (Amendments)	01 Jauary, 2022
IAS 8	Definition of Accounting Estimates (Amendments)	01 Jauary, 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction	01 Jauary, 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 Jauary, 2023
IAS 1	Classification of Liabilities as Current or Non-current	01 Jauary, 2023

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4 COVID-19 EFFECTS

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

5 BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention.

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (PKR), which is the Company's functional currency

6.2 Significant judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments ,estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The matters involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements, are as follows:

(i) Property and equipment

The Company reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment, on an annual basis. Any change in the estimates in the future, might affect the carrying amount of the respective item of equipment, with a corresponding effect on the depreciation charge and impairment.

(ii) Provision for loan losses

The Company first assesses whether objective evidence of impairment exists for individually significant loans. It is the Company's policy to regularly monitor its loan portfolio. Specific assessment is made on an individual basis for loans that are past due for more than 30 days. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

Microfinance loan portfolio is grouped into smaller homogenous portfolios (i.e., a group of individually insignificant loans and advances in groups of assets) based on key characteristics that are relevant to the estimation of future cash flows. Generally, the impairment trigger used within these portfolios is when they reach a pre-defined delinquency levels e.g. overdue for more than 30 days. Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

6.3 Taxation

Income tax expense comprises of current and deferred tax.

Current tax

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final tax payable under any of the provisions of the Ordinance, in respect of grant income. Provision for taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent it relates to items recognized directly in equity or in other comprehensive income

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

6.4 Foreign currency transactions

Transactions in foreign currencies are recorded at the rates of exchange, prevailing on the date of the transaction. All monetary assets and liabilities, denominated in foreign currencies, are translated into Pak Rupees at the rate of exchange prevailing on the statement of financial position date, and exchange differences, if any, are charged to income for the year.

6.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses, except freehold land and capital work in progress, which are stated at cost less impairment losses, if any. Cost comprise acquisition and other directly attributable costs.

Depreciation is provided on a reducing balance basis and charged to income statement to write off depreciable amount of each asset over its estimated useful life at the rates specified in Note 4 to the financial statements. A full month's depreciation is charged in the month of addition, while no depreciation is charged in the month of deletion.

Subsequent costs are included in the assets carrying amount when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of item can be measured reliably. The carrying amount of the replaced part is derecognized. All the other repair and maintenance expenditure is recognized in income statement as incurred.

Gain or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of fixed assets. Gains are recognized within "other income" while losses are recognized in administrative expenses in the income statement.

6.6 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated depreciation and impairment losses, if any.

Intangible assets are amortized over their useful lives at the rate specified in note 8 to the financial statements. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in the profit and loss account as incurred.

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6.7 Loans to customers - net of provision

These are stated net of provision for non-performing advances, if any. The outstanding principal of the advances, payments against which are overdue for 30 days or more are classified as non-performing and divided into following four categories:

(a) Other Assets Especially Mentioned (OAEM):

These are advances in arrears (payments/installments overdue) for 30 days or more but less than 59 days.

(b) Substandard:

These are advances in arrears (payments/installments overdue) for 60 days or more but less than 89 days.

(c) Doubtful:

These are advances in arrears (payments/installments overdue) for 90 days or more but less than 179 days.

(d) Loss:

These are advances in arrears (payments/installments overdue) for 180 days or more.

The Company maintains specific provision for all non-performing loans as follows

Other Assets Especifically Mentioned (OAEM)	Nil
Substandard	25% of outstanding principal net of cash collateral without recourse to the Court of Law
Doubtful	50% of outstanding principal net of cash collateral without recourse to the Court of Law
Loss	100% of outstanding principal net of cash collateral without recourse to the Court of Law

In addition to the above, a general provision for incurred but not reported (IBNR) impairment losses is made at 1% of the loans to customers - net of specific provision.

Non-performing advances are written off one year after the loan is classified as "Loss". However, the Company continues its efforts for the recovery of the written-off loans.

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6.8 Financial instruments

Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. trade date which is the date that the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies non-derivative financial assets as held to maturity investments and loans and other receivables. Loans and receivables comprise loans to customers - net of provision, cash and cash equivalents and other receivables including accrued interest.

Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortized cost using the EIR less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR.
The amortization is included in interest and similar income in the income statement. The losses arising from impairment of such investments are recognized in the income statement within credit loss expense. If the Company were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Company would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

Other receivables and other financial assets

Other receivables are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts. Bank overdraft and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Non-derivative financial liabilities

The Company initially recognizes non-derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions to the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measure at amortized cost using the effective interest method. Non derivative financial liabilities comprise markup bearing borrowings and other payables.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to setoff the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

6.9 Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. The following specific criteria must also be met before revenue is recognized.

Interest and similar income and expense

Interest income/ service charges on loans to customers is recognized on accrual basis using fixed interest rates on the loan products. Interest income/ service charges on loans to customers are collected with loan installments. Interest income on investments is recognized using Effective Interest Method.

Interest expense on interest/mark-up bearing borrowings is recognized using Effective Interest Method.

Loan application fees

Loan application fee representing documentation charges is recognized as income when received.

Customer agreement and passbook fees

Customer agreement and passbook fees are based on percentage of the loan amounts and form integral part of the loans to customers. These fees are recognized as received from customers.

Grants income

Unrestricted grants are recognized when received or receivable. Restricted grants are recognized as income to the extent obligation under grant agreement is met. Grant relating to fixed assets is deferred and amortized over the useful life of fixed assets.

6.10 Provisions

Provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future outflows at a pretax discount rate that reflects current market assessment of time value of money and risk specific to the liability. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

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7 PROPERTY, PLANT AND EQUIPMENT

	Cost				Rate	Accumulated Depreciation				Net Book Value
	At 01 July	Additions	Deletion	At 30th June	per annum	At 01 July	Charge for the year	Reversal of Depreciation	At 30th June	At 30th June
	(Rupees)				%	(Rupees)				(Rupees)
30 June 2021										
Land	4,006,963	-		4,006,963	-	-	-	-	-	4,006,963
Furniture & fixtures	3,278,353	505,200	-	3,783,553	15	1,310,028	328,498	-	1,638,526	2,145,027
Vehicles	6,632,046	320,000	-	6,952,046	15	3,321,894	497,601	-	3,819,495	3,132,551
Office equipments	2,774,400	370,000	-	3,144,400	15	1,179,612	239,052	-	1,418,664	1,725,736
Tool kits for vocational skills	5,598,656	-	-	5,598,656	30	2,855,314	823,003	-	3,678,317	1,920,339
Computers	2,657,318	865,000	-	3,522,318	30	2,041,367	346,410	-	2,387,777	1,134,541
	24,947,736	2,060,200	-	27,007,936		10,708,215	2,234,564	-	12,942,779	14,065,157

	Cost				Rate	Accumulated Depreciation				Net Book Value
	At 01 July	Additions	Deletion	At 30th June	per annum	At 01 July	Charge for the year	Reversal of Depreciation	At 30th June	At 30th June
	(Rupees)				%	(Rupees)				(Rupees)
30 June 2020										
Land	4,006,963	-		4,006,963	-	-	-	-	-	4,006,963
Furniture & fixtures	2,678,923	599,430	-	3,278,353	15	1,026,148	283,880	-	1,310,028	1,968,325
Vehicles	5,072,046	1,560,000	-	6,632,046	15	2,823,084	498,810	-	3,321,894	3,310,152
Office equipments	2,499,400	275,000	-	2,774,400	15	952,420	227,192	-	1,179,612	1,594,788
Tool kits for vocational skills	5,598,656	-	-	5,598,656	30	1,679,597	1,175,717	-	2,855,314	2,743,342
Computers	2,467,278	190,040	-	2,657,318	30	1,778,999	262,368	-	2,041,367	615,951
	22,323,266	2,624,470	-	24,947,736		8,260,249	2,447,967	-	10,708,215	14,239,521

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8 INTANGIBLE ASSETS

	Note	Cost				Accumulated Amortization			Net Book Value
		At 01 July	Additions	At 30 June	Rate per annum	At 01 July	Charge for the year	At 30 June	At 30 June
		(Rupees)			%	(Rupees)			(Rupees)
30th June 2021									
MIS Software	8.1	1,080,000	-	1,080,000	20-33.33%	1,080,000	-	1,080,000	-
		1,080,000	-	1,080,000		1,080,000	-	1,080,000	-

	Cost				Accumulated Amortization			Net Book Value
	At 01 July	Additions	At 30 June	Rate per annum	At 01 July	Charge for the year	At 30 June	At 30 June
	(Rupees)			%	(Rupees)			(Rupees)
30th June 2020								
MIS Software	1,080,000	-	1,080,000	20-33.33%	1,066,668	13,332	1,080,000	-
	1,080,000	-	1,080,000		1,066,668	13,332	1,080,000	-

8.1 The MIS Software has been fully depreciated over its useful life.

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	30 June 2021	30 June 2020
	(Rupees)	

9 DEFERRED TAX ASSET - NET

The balance of deferred tax in respect of the following temporary differences:

	30 June 2021	30 June 2020
Accelerated tax depreciation	**(729,219)**	(741,860)
Provision against advances to customers	**2,475,020**	2,462,741
	1,745,801	1,720,881
	1,745,801	1,720,881

The gross movement in the deferred tax asset during the year is as follows:

	30 June 2021	30 June 2020
Balance at the beginning	**1,720,881**	1,909,748
Tax charge recognized in income statement	**24,920**	(188,867)
Balance at the end	**1,745,801**	1,720,881

9.1 The Corporate tax is restrict to 29% for Tax Year 2020-2021.Deferred tax assets has been measured at 29%.

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	Note	30 June 2021	30 June 2020
		(Rupees)	
10 LOANS TO CUSTOMERS - NET OF PROVISION			
Pakistan Poverty Alleviation Fund - Secured	10.1	-	
Faisal Bank Limited - Unsecured	10.2	-	
Pakistan Microfinance Investment Company- Secured	10.3	162,156,478	161,351,964
		162,156,478	161,351,964

10.1 These loans are secured against open cheques, personal guarantees and pension books. These loans carry flat interest rate ranging from 20% to 30% per annum on different loan tenures.

10.2 Theses loans are unsecured. These loans carry flat interest rate ranging from 20% to 30% per annum on different loan tenures.

10.3 These loans are secured against open cheques, personal guarantees and pension books. These loans carry flat interest rate ranging from 20% to 30% per annum on different loan tenures.

	30 June 2021				
	(Rupees)				
	PMIC	PPAF	SSSF	FBL	Total
Opening balance	169,844,173	-	-	-	169,844,173
Loan disbursed to community	153,181,000	-	-	-	153,181,000
Loan recovered from community	(152,334,144)	-	-	-	(152,334,144)
Balance directly written-off	-	-	-	-	-
	170,691,029	-	-	-	170,691,029
Considered good	167,036,757	-	-	-	167,036,757
Considered doubtful (Note 10.5)	3,654,272	-	-	-	3,654,272
	170,691,029	-	-	-	170,691,029
Less					
Specific provision (Note 10.4)	3,654,272		-	-	3,654,272
General Provision (Note 10.4)	4,880,279	-	-	-	4,880,279
	8,534,551	-	-	-	8,534,551
	162,156,478	-	-	-	162,156,478

	30 June 2020				
	(Rupees)				
	PMIC	PPAF	SSSF	FBL	Total
Opening balance	175,619,375	6,367,640	-	-	181,987,015
Loan disbursed to community	163,767,000	-	-	-	163,767,000
Loan recovered from community	(169,542,202)	(1,105,653)	-	-	(170,647,855)
Balance directly written-off	-	(5,261,987)	-	-	(5,261,987)
	169,844,173	-	-	-	169,844,173
Considered good	166,983,337	-	-	-	166,983,337
Considered doubtful (Note 10.5)	2,860,836	-	-	-	2,860,836
	169,844,173	-	-	-	169,844,173
Less					
Specific provision (Note 10.4)	2,860,836		-	-	2,860,836
General Provision (Note 10.4)	5,631,373	-	-	-	5,631,373
	8,492,209	-	-	-	8,492,209
	161,351,964	-	-	-	161,351,964

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10.4 Movement of provision against non-performing loans is as under:

	30 June 2021 (Rupees)							
	PMIC		PPAF		FBL		Total	
	Specific (Note 10.5)	General	Specific (Note 10.5)	General	Specific (Note 10.5)	General	Specific (Note 10.5)	General
Opening balance	**2,860,836**	**5,631,373**	-	-	-	-	**2,860,836**	**5,631,373**
Charge for the period	**793,436**	-	-	-	-	-	**793,436**	-
Provision amounts written off	-	**(751,094)**	-		-		-	**(751,094)**
Closing balance	**3,654,272**	**4,880,279**	-	-	-	-	**3,654,272**	**4,880,279**

	30 June 2020 (Rupees)							
	PMIC		PPAF		FBL		Total	
	Specific (Note 10.5)	General	Specific (Note 10.5)	General	Specific (Note 10.5)	General	Specific (Note 10.5)	General
Opening balance	213,509	5,554,144	3,331,698	-	-	-	3,545,206	5,554,144
Charge for the year	2,647,328	77,229	-	-	-	-	2,647,328	77,229
Provision amounts written off	-	-	(3,331,698)		-		(3,331,698)	-
Closing balance	2,860,836	5,631,373	-	-	-	-	2,860,836	5,631,373

10.5 Specific provision

	Required provision percentage	No of days late by	30 June 2021 (Rupees) PMIC Amount outstanding	PMIC Provision required	PPAF Amount outstanding	PPAF Provision required	FBL Amount outstanding	FBL Provision required	Total Amount outstanding	Total Provision required
Other Assets Especially Mentioned (OAEM)	-	30-59 days	1,478,521	-	-		-	-	1,478,521	-
Sub-standard	25%	60-89 days	1,980,257	495,064	-	-	-	-	1,980,257	495,064
Doubtful	50%	90-179 days	2,347,890	1,173,945		-	-	-	2,347,890	1,173,945
Loss	100%	180 or more	1,985,263	1,985,263		-	-	-	1,985,263	1,985,263
Total			7,791,931	3,654,272		-	-		7,791,931	3,654,272

	Required provision percentage	No of days late by	30 June 2020 (Rupees) PMIC Amount outstanding	PMIC Provision required	PPAF Amount outstanding	PPAF Provision required	FBL Amount outstanding	FBL Provision required	Total Amount outstanding	Total Provision required
Other Assets Especially Mentioned (OAEM)	-	30-59 days	2,359,622	-	-		-	-	2,359,622	-
Sub-standard	25%	60-89 days	1,682,806	420,702	-	-	-	-	1,682,806	420,702
Doubtful	50%	90-179 days	4,880,269	2,440,135		-	-	-	4,880,269	2,440,135
Loss	100%	180 or more	-	-		-	-	-	-	-
Total			8,922,697	2,860,836		-	-		8,922,697	2,860,836

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10.6 Quarterly gross amount on account of advances to customers

	30 June 2021 (Rupees)			
	PMIC	PPAF	FBL	Total
1st Quarter				
Opening balance	169,844,173	-	-	169,844,173
Loan disbursed	34,570,000	-	-	34,570,000
Loan recoveries	(32,993,129)	-	-	(32,993,129)
Closing balance	171,421,044	-	-	171,421,044
2nd Quarter				
Opening balance	171,421,044	-	-	171,421,044
Loan disbursed	44,171,000	-	-	44,171,000
Loan recoveries	(55,009,690)	-	-	(55,009,690)
Closing balance	160,582,354	-	-	160,582,354
3rd Quarter				
Opening balance	160,582,354	-	-	160,582,354
Loan disbursed	25,760,000	-	-	25,760,000
Loan recoveries	(34,738,923)	-	-	(34,738,923)
Closing balance	151,603,431	-	-	151,603,431
4th Quarter				
Opening balance	151,603,431	-	-	151,603,431
Loan disbursed	48,680,000	-	-	48,680,000
Loan recoveries	(29,592,402)	-	-	(29,592,402)
Closing balance	170,691,029	-	-	170,691,029

	30 June 2020 (Rupees)			
	PMIC	PPAF	FBL	Total
1st Quarter				
Opening balance	175,619,375	6,367,640	-	181,987,015
Loan disbursed	53,470,000	-	-	53,470,000
Loan recoveries	(45,457,612)	(218,978)	-	(45,676,590)
Closing balance	183,631,763	6,148,662	-	189,780,425
2nd Quarter				
Opening balance	183,631,763	6,148,662	-	189,780,425
Loan disbursed	64,255,000	-	-	64,255,000
Loan recoveries	(63,203,493)	(410,680)	-	(63,614,173)
Closing balance	184,683,270	5,737,982	-	190,421,252
3rd Quarter				
Opening balance	184,683,270	5,737,982	-	190,421,252
Loan disbursed	38,572,000	-	-	38,572,000
Loan recoveries	(53,008,025)	(217,651)	-	(53,225,676)
Closing balance	170,247,245	5,520,331	-	175,767,576
4th Quarter				
Opening balance	170,247,245	5,520,331	-	175,767,576
Loan disbursed	7,470,000	-	-	7,470,000
Loan recoveries	(7,873,072)	(258,344)	-	(8,131,416)
Written off	-	(5,261,987)	-	(5,261,987)
Closing balance	169,844,173	-	-	169,844,173

		Note	30 June 2021	30 June 2020
			(Rupees)	
11	**OTHER LOANS AND ADVANCES**			
	Advances for expenses		**2,974,298**	832,656
	Withholding Tax Advance		**162,010**	162,010
	Advances for School construction-Project		**4,135,000**	-
			7,271,308	994,666
12	**DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Prepaid rent		**1,790,000**	1,410,000
	Other security deposits		**74,500**	74,500
	Prepaid salaries		**174,667**	131,250
			2,039,167	1,615,750
13	**INTEREST ACCRUED ON MICROCREDIT LENDING**			
	Interest accrued on microcredit lending	**13.1**	**29,895,576**	35,939,023
			29,895,576	35,939,023

13.1 This represents the amount of interest receivable from micro credit customers on the current year disbursement Rs:12,176,553 and Rs:17,719,023 on Gross Loan Portfolio.

		Note	30 June 2021	30 June 2020
14	**OTHER RECEIVABLES**			
	USAID- SGAFP	**14.1**	**1,573,874**	1,573,874
	British Council- SSSF's share	**14.2**	**5,024,900**	6,170,900
	British Council- BC Share	**14.3**	**899,451**	5,771,263
	Receivable from Siraj Motors		-	-
	Others		**697,885**	697,885
			8,196,110	14,213,922

14.1 This represents the amount receivable from USAID- Small Grants Ambassador's Fund Programme (SGAFP) for the project "Expanding Access to Widows & Divorced Women to Decent Work through Vocational Skills".

14.2 This represents the amount receivable in-kind contribution from the Shah Sachal Sami Foundation-SSSF for the project "ILMPOSSIBLE TAKE A CHILD TO SCHOOL(TACS)Phase-I and Phase-II from January 2020 to June 2021.

14.3 This represents the amount receivable from the British Council-BC for the project "ILMPOSSIBLE TAKE A CHILD TO SCHOOL(TACS) Phase-I amount Rs:899,451 and Phase-II from January 2020 to June 2021.

	Note	30 June 2021	30 June 2020
		(Rupees)	
15 CASH AND BANK BALANCES			
Cash in hand		**1,575,830**	49,709
Cash at banks			
Current accounts		**19,352,762**	12,276,142
Deposit account		**9,818,584**	634,397
		29,171,346	12,910,539
		30,747,176	12,960,248

15.1 Deposit accounts, during the current financial year, carried profit at the rates ranging from 3% to 8.5% (2020: 3% to 8.5%) per annum.

16 ENDOWMENT FUND

This represents funds amounting to Rs. 11 million (2020: 11 million) received from PPAF under financing agreement effective 1 March, 2016. These funds are required to be invested for three years after the date of receipt. At the expiry of three years, endowment fund will be transferred to the Company subject to certain conditions which are required to complied with over a period of three years.In the year 2020 the term deposit receipts of 11 million withdraw after maturity and invested in company loan to customers portfolio carries interest rate of 20% to 30% per annuam.

	Note	30 June 2021	30 June 2020
		(Rupees)	
17 SUBORDINATED LOAN - UNSECURED			
Subordinated loan - unsecured	**17.1**	**8,000,000**	16,000,000

17.1 This represents subordinated loan from Pakistan Poverty Alleviation Fund (PPAF) as a supplementary capital for meeting minimum capital requirements to operate as a Non-Banking Finance Company (NBFC) and to be utilized for further lending to eligible borrowers. Interest on loan is 6 months KIBOR which is repriced on first day of January and July each year with floor of 8% per annum and is payable on a quarterly basis.The principal amount was fully repayable on 30 September, 2019.The principal amount is rescheduled in April 2020 and The amount of Rs:16 million will be repayable from the quarter ending on 31 December, 2020 to 30 September, 2021 in four equal quarterly installements of Rs:4 million each.The markup however cannot be waived and has to be paid on quarterly basis.

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		Note	30 June 2021	30 June 2020
			(Rupees)	
18	**DEFERRED CAPITAL GRANT**			
	Property and equipment	**18.1**	**91,767**	124,009
18.1	**Property and equipment**			
	Opening balance		**124,009**	167,580
	Capital expenditures		-	-
	Deferred capital grant recognized during the year		**(32,242)**	(43,571)
	Closing balance		**91,767**	124,009
19	**OTHER PAYABLES**			
	Accrued expenses		**1,109,423**	1,799,866
	Other Payable -BC Project		**1,758,040**	1,538,044
	PMN fee		**150,000**	-
	Data check fee		**16,950**	-
	Sale tax -Sindh revenue board		**1,081,943**	847,159
	Withholding tax payable		**776,131**	1,471,760
	Verge financials		**226,000**	227,853
	Others		**9,100**	55,970
			5,127,587	5,940,652
20	**MARK-UP ACCRUED ON LOANS**			
	Markup accrued on subordinated loan		**213,041**	1,076,085
	Markup accrued on financing for microcredit lending- PPAF		-	-
	Markup accrued on financing for microcredit lending- PMIC		**4,370,362**	4,651,212
	Markup accrued on faysal bank loan			-
			4,583,403	5,727,297

		Note	30 June 2021	30 June 2020
			(Rupees)	
21	**FINANCING FOR MICROCREDIT LENDING - SECURED**			
	Pakistan Microfinance Investment Company	**21.1**	**158,750,000**	138,750,000
			158,750,000	138,750,000
	Current portion:			
	Pakistan Microfinance Investment Company (PMIC)		**110,750,000**	49,000,000
			110,750,000	49,000,000
			48,000,000	89,750,000

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		30 June 2021	30 June 2020
		(Rupees)	
21.1 Financing For Microcredit Lending-PMIC-Secured			
Opening balance		**138,750,000**	150,000,000
Loan received during the year	21.1.1	**48,000,000**	39,375,000
Repayment during the year	21.1.2	**(28,000,000)**	(50,625,000)
Closing balance		**158,750,000**	138,750,000

21.1.1 The company entered into the Term Facility Agreement with the Pakistan Microfinance Investment Company(PMIC) on 11th of December, 2017 for the Term Facility up to Rs. 145 million for the purpose of microfinance operations.

Out of Rs.145 million a sum total of Rs.145 million was received. The loan is repayable quarterly with the interest rate of KIBOR plus 3.5 % per annum with floor or cap being payable quarterly.

The KIBOR will be set on the first Business Day of January for the first half of each calendar year, and on the first Business Day of July for the second half each calendar year (the "KIBOR" Setting Rate").

The company entered into the Term Facility Agreement with the Pakistan Microfinance Investment Company(PMIC) on 1st Feburary 2019 for the Term Facility up to Rs. 89 million for the purpose of microfinance operations.

Out of Rs.89 million a sum of total of Rs.89 million was received .The is repayable quarterly with the interest rate of KIBOR plus 3.5% per annum with floor or cap being payable quarterly.

The company entered into the Term Facility Agreement with the Pakistan Microfinance Investment Company(PMIC) on 4th March 2021 for the Term Facility up to Rs. 171.25 million for the purpose of microfinance operations.

Out of Rs.171.25 million a sum of total of Rs.48 million was received .The is repayable quarterly with the interest rate of KIBOR plus 3.75% per annum with floor or cap being payable quarterly.

21.1.2 Reference to letter dated 31 March 2020, Pakistan Microfinance Investment Company(PMIC) has principal agreed to restructure the Financing Facilities of Rs.145 million and Rs.89 million by deferring repayment/payment of the principal loan amounts by one (1) year in accordance with the Securities and Exchange Commission of Pakistan's ("SECP") circular bearing reference No. 9 dated 31 March 2020 (as may be amended,supplemented or otherwise modified by the SECP from time to time).

The deferment for repayment/payment of the principal loan amounts due and payable under the Financing Facilities will be allowed for a maximum period of twelve (12) months commencing from 1 January 2020 and in relation to each quarter from 1 January 2020 to 31 March 2020, 1 April 2020 to 30 June 2020, 1 July 2020 to 30 September 2020 and 1 October 2020 to 31 December 2020 (the "Principal Deferment Period"). During the Principal Deferment Period, no repayment/payment of the principal loan amounts will be payable by the company and following the expiry of such Principal Deferment Period, the principal loan amounts shall be payable on 31 March 2021, in accordance with the Restructured Financing Documents.

Each quarterly mark-up payment in relation to the Financing Facilities (accrued during each quarter from 1 April 2020 to 30 June 2020 and 1 July 2020 to 30 September 2020 (the "Mark-up Deferment Period")) due and payable on 30 June 2020 and 30 September 2020, respectively, shall be deferred for a period of six (06) months such that the mark-up which was due and payable on 30 June 2020 and 30 September 2020 shall payable on 31 December 2020 and 31 March 2021, respectively, (along with the mark-up payment separately accrued during the quarter from 1 October 2020 to 31 December 2020 and 01 January 2021 to 31 March 2021) in accordance with the revised repayment schedule.

		Note	30 June 2021	30 June 2020
			(Rupees)	
22	**PROVISION FOR TAXATION - NET**			
	Opening Balance		**3,778,127**	2,397,269
	Provision for taxation - Current year		**823,475**	1,380,858
			4,601,602	3,778,127

ZAHID JAMIL & CO
CHARTERED ACCOUNTANTS

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
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FOR THE YEAR ENDED 30 JUNE 2021

23 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at year end.

	Note	30 June 2021	30 June 2020
		(Rupees)	
24 INTEREST INCOME/SERVICE CHARGES ON LOANS TO CUSTOMERS			
Service charges on loans to customers - PPAF-Received		-	235,499
Service charges on loans to customers - PMIC-Received		31,673,924	25,170,791
Service charges on loans to customers - PMIC & PPAF- Receivable		12,176,553	34,456,924
Service charges on loans to customers - SSSF		-	80,145
		43,850,477	59,943,360
25 LOANS RELATED FEES			
Loan application fees		70,380	135,370
Customer agreement and passbook fee:			
Pakistan Poverty Alleviation Fund (PPAF)		-	-
Pakistan Microfinance Investment Company		1,500,901	5,534,081
		1,571,281	5,669,451
26 RESTRICTED GRANTS			
British Council	26.1	3,466,440	9,613,825
British Council- SSSF's Contribution	26.2	1,854,000	6,870,900
Shirkat Gah	26.3	141,250	1,015,177
Sindh Education Foundation-SEF	26.4	1,800,000	-
		7,261,690	17,499,902

26.1 This represents grant received from British Council for the program entitled "ILMPOSSIBLE - Take a Child to School- Phase II". The grant agreement is for the period from 1st January 2020 to 30th June 2021. The project is being implemented in District Nawab Shah and District Mirpur Khas.

ZAHID JAMIL & CO CHARTERED ACCOUNTANTS

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26.2 This represents grant(In kind Contribution) received from Shah Sachal Sami Foundation for the program entitled "ILMPOSSIBLE - Take a Child to School- Phase II". The grant agreement is for the period from 1st January 2020 to 30th June 2021. The project is being implemented in District Nawab Shah and District Mirpur Khas.

26.3 This represents grant received from Shirkat Gah Women's Resources Center for the program entitled " NAYA QADAM" .The grant agreement is for the period from 01 January 2020 to 31 December 2020.The project is being implemented in District Nawab Shah.

26.4 This represents grant received from Sindh Education Foundation under New Foundation Assisted Schools.The project is being implemented in District Nawab Shah.

27 FINANCE COST

	Note	30 June 2021	30 June 2020
		(Rupees)	
Interest expense on subordinated loan -PPAF		**1,109,695**	2,134,097
Interest expense on secured financing for microcredit lending -PPAF		-	-
Interest expense on secured financing for microcredit lending -PMIC		**15,496,721**	22,868,901
Interest expense on short term running finance		-	91,338
		16,606,416	25,094,336

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		Note	30 June 2021	30 June 2020
			(Rupees)	
28	**ADMINISTRATIVE AND PROGRAM EXPENSES**			
	Micro Credit Program			
	Salaries, wages and other benefits		11,897,926	13,362,352
	Rentals		2,933,400	2,719,000
	Amortization		-	-
	Depreciation		2,234,564	2,447,967
	Legal and professional fee		229,464	376,705
	Verification charges		73,827	86,438
	Fuel		985,439	1,571,604
	Repair and maintenance		1,348,213	3,069,110
	Travelling and conveyance		-	270,008
	Meetings and activities		1,337,110	2,629,168
	Printing, stationery and periodicals		496,885	1,219,691
	Office supplies		528,669	929,544
	Training and capacity building		100,000	335,000
	Software maintenance fees		1,281,902	835,461
	Insurance		-	-
	Entertainment expense		-	11,070
	Bank charges		349,374	123,184
	Commission		-	-
	Survey		-	-
	Utilities and communication		1,352,123	1,338,816
	Membership fee-PMN		100,000	50,000
	Website maintenance fee		35,200	8,000
	Consultancy charges		-	-
	Other expenses		146,912	26,410
	Bad debts		-	-
	Pentalty & charges		-	-
	Charity expenses		-	901,476
	Medical expenses		-	-
	Advertisement expenses		413,500	365,790
	Sale tax-Sindh Revene Board		-	-
	Auditors' remuneration	28.1	200,000	180,000
			26,044,507	32,856,794

28.1 Auditor's remuneration

Annual audit	200,000	180,000
Fee for project audits	-	-
	200,000	180,000

ZAHID JAMIL & CO.
CHARTERED ACCOUNTANTS
ISLAMABAD

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SHAH SACHAL SAMI FOUNDATION
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		30 June 2021	30 June 2020
		(Rupees)	
29 PROJECT EXPENSES			
British Council		**8,852,868**	14,184,508
Shirkat Gah-Project		**118,970**	1,060,869
		8,971,838	15,245,377
30 INCOME TAX EXPENSE			
Current Tax		**823,475**	1,380,858
Deferred Tax	9	**(24,920)**	188,867
		798,555	1,569,726

31 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of its members, associates including entities having common directorship and key management personnel. Transactions and balances with related parties are disclosed in the related notes to the financial statements.

	30 June 2021	30 June 2020
	(Rupees)	
Rent paid to Ms. Farzana (Director)	2,280,000	2,085,000

32 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive Officer		Directors	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	(Rupees)			
Remuneration	-	-	-	-
Rent and house maintenanc	-	-	-	-
Utilities	-	-	-	-
Medical	-	-	-	-
Others	-	-	-	-
	-	-	-	-
Numbers	1	1	8	6

33 CASH AND CASH EQUIVALENTS

Cash and bank balances	30,747,176	12,960,248

34 OPERATIONAL SELF SUFFICIENCY (OSS) RATIO

	2021	2020
Interest Income	45,370,194	62,069,684
Operating Income	1,571,281	5,669,451
Total operating income	46,941,475	67,739,135
Finance cost	16,606,416	25,094,336
Provision against non-performing loans & advances	42,342	-
Administrative expenses	26,044,507	32,856,794
Total operating expenses	42,693,266	57,951,130
	1.10	1.17

ZAHID JAMIL & CO
CHARTERED ACCOUNTANTS

35 FINANCIAL ASSETS AND LIABILITIES

35.1 Financial instruments by category

	30 June 2021				
		Interest/mark up bearing			
	Total	Maturity upto one year	Maturity after one year	Sub-total	Not interest / mark up bearing
			Rupees		
Financial assets					
Loans and receivables at amortized cost					
Loans to customers - net of provision	162,156,478	162,156,478	-	162,156,478	-
Other loans and advances	7,271,308	-	-	-	7,271,308
Interest accrued on microcredit lending	29,895,576	-	-	-	29,895,576
Other receivables	8,196,110	-	-	-	8,196,110
Short term investments	-	-	-	-	-
Cash and bank balances	30,747,176	9,818,584	-	9,818,584	20,928,592
	238,266,648	171,975,062	-	171,975,062	66,291,586
Financial liabilities					
Financial liabilities carried at amortized cost					
Other payables	5,127,587				5,127,587
Mark-up accrued on loans	4,583,403				4,583,403
Short term borrowing	-	-			-
Subordinated loan-Unsecured	8,000,000	8,000,000		8,000,000	-
Microcredit lending - secured	158,750,000	110,750,000	48,000,000	158,750,000	-
	176,460,990	118,750,000	48,000,000	166,750,000	9,710,990
On balance sheet gap	61,805,658	53,225,062	(48,000,000)	5,225,062	56,580,596
Off Balance sheet Items					
Contingencies and commitment	-	-	-	-	-
Total Gap	61,805,658	53,225,062	(48,000,000)	5,225,062	56,580,596

	30 June 2020				
		Interest/mark up bearing			
	Total	Maturity upto one year	Maturity after one year	Sub-total	Not interest / mark up bearing
			Rupees		
Financial assets					
Loans and receivables at amortized cost					
Loans to customers - net of provision	161,351,964	161,351,964	-	161,351,964	-
Other loans and advances	994,666	-	-	-	994,666
Interest accrued on microcredit lending	35,939,023	-	-	-	35,939,023
Other receivables	14,213,922	-	-	-	14,213,922
Short term investments	-	-	-	-	-
Cash and bank balances	12,960,248	634,397	-	634,397	12,325,851
	225,459,823	161,986,361	-	161,986,361	63,473,462
Financial liabilities					
Financial liabilities carried at amortized cost					
Other payables	5,940,652				5,940,652
Mark-up accrued on loans	5,727,297				5,727,297
Short term borrowing	-	-			-
Subordinated loan-Unsecured	16,000,000	16,000,000		16,000,000	-
Microcredit lending - secured	138,750,000	49,000,000	89,750,000	138,750,000	-
	166,417,950	65,000,000	89,750,000	154,750,000	11,667,950
On balance sheet gap	59,041,873	96,986,361	(89,750,000)	7,236,361	51,805,512
Off Balance sheet Items					
Contingencies and commitment	-	-	-	-	-
Total Gap	59,041,873	96,986,361	(89,750,000)	7,236,361	51,805,512

Fair value of financial assets and liabilities

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate to their fair values.Explanation is required for judgments and estimates made in determining the fair value of financial instruments that are recognised and measured at fair value in financial statements. The Company only measures available for sale investments at fair value using market value (being a quoted entity) which is categorised in level 1 in accordance with IFRS which is a reliable input used in determining fair value of its investments being financial instruments.

ZAHID JAMIL & CO
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35.2 Financial risk management

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company finances its operations through fees, advance from allottees and management of working capital with a view to maintaining a reasonable mix and to minimize risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral.

Credit risk of the Company arises principally from the investments, advances, accrued interest, due from related party, other receivables and deposits with banks. The carrying amount of financial assets represents the maximum credit exposure at the reporting date as follows:

	30-Jun-21	30-Jun-20
	(Rupees)	
Short term investments		-
Loans to Customers - Net of Provision	162,156,478	161,351,964
Other Loans and Advances	7,271,308	994,666
Interest accrued on microcredit lending	29,895,576	35,939,023
Other receivables	8,196,110	14,213,922
Bank balances	30,747,176	12,960,248
	238,266,648	225,459,823

The management continuously monitors the credit exposure towards the third parties and makes provision against those balances considered doubtful of recovery.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. However this risk is limited as the counter parties are either reputed banks or associate with joint control.

	2021	2020
	(Rupees)	
Unimpaired "Loans and Receivables" that are past due as at the reporting date can be		
Not yet due	67,914,060	49,893,937
Due more than 10 days	170,352,588	175,565,886
	238,266,648	225,459,823

Further aging is not feasible based on time and efforts involved therein. Based on past experience, the management believes that no impairment allowance is necessary in respect of above loans and receivable.

35.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation that implies maintaining sufficient cash and obtaining advance from customers and the availability of funding as and when required. At balance sheet date, the Company's liabilities have positive contractual maturities.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

35.2.3 Market risk

Market risk is the risk that fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market prices. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk. Market risk comprises of three types of risk namely currency risk, interest rate risk and price risk.

35.2.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of financial asset or a liability will fluctuate due to changes in foreign exchange rates. It arises mainly due to bank accounts and imports in foreign currency. Company is not exposed to currency risk.

35.2.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk exposure is only related to deposits in saving accounts due to variable interest rate.

	2021	2020
	(Rupees)	
Fixed rate instruments		
Short term investment	-	-
There is no interest rate risk in fixed rate instruments.		
Variable rate instruments		
Deposits in saving accounts	**9,818,584**	634,397
As at balance sheet date if there is 1% change in average interest rate, the surplus for the year would have changed by (if all other things remain constant)	**2,058,278**	133,223

ZAHID JAMIL & CO
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35.2.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently, the Company has no price risk exposure.

35.3 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide benefits to stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on investments and projects and makes adjustments to it in the light of changes in economic conditions.

The Company's capital comprises of accumulated funds as reported in balance sheet.

36 NUMBER OF EMPLOYEES

	2021	2020
	Numbers	
Total number of employees		
At June 30,	**48**	55
Average during the period/year	**50**	50

37 CORRESPONDING FIGURES

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

38 GENERAL

Figure have be rounded of the nearest Rupees.

39 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company on 30th September 2021.

ZAHID JAMIL & CO. CHARTERED ACCOUNTANTS ISLAMABAD

Shahnaz

CHIEF EXECUTIVE OFFICER

DIRECTOR