KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

SHAH SACHAL SAMI FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

KRESTON HYDER BHIMJI & CO.

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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 comprises statement of financial position as at June 30, 2023, statement of income and expenditure, statement of comprehensive income, the statement of changes in funds, statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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, statement of income and expenditure, statement of comprehensive income, statement of changes in funds and statement of cash flows together with the notes forming part thereof conform with the Revised Accounting and Financial Reporting Standard for Small and medium Sized Entities (IFRSs for SMEs) 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, 2023 and of the deficit and total comprehensive loss, the changes in funds and its cash flows for the year then ended

Basis for Opinion

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

Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

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

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

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

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

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

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

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

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

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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/branches as required by the Companies Act, 2017 (XIX of 2017);

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

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with 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).

Other Matters

The financial statements of the Company for the year ended June 30, 2022, were audited by another auditors, who expressed unmodified opinion on those statements in their report issued on February 10, 2023.

As part of our audit of the financial statements for the year ended June 30, 2023, we were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the Company, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements taken as a whole

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ali, FCA.

KRESTON HYDER BHIMJI & CO
CHARTERED ACCOUNTANTS

ISLAMABAD: December 29, 2023
UDIN: AR202310174EkMSUK2lb

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	63,424,617	49,222,976
Deferred tax asset - net	5	873,365	832,712
		64,297,982	50,055,688
CURRENT ASSETS			
Loans to customers - net of provision	6	154,065,980	159,683,570
Advances, deposits and prepayments	7	5,439,776	6,732,717
Stationery and publications		1,572,040	1,328,198
Interest accrued on microcredit lending	8	49,330,553	29,917,441
Other receivables	9	14,450,506	4,143,407
Cash and bank balances	10	8,132,569	10,514,359
		232,991,424	212,319,692
TOTAL ASSETS		297,289,406	262,375,380
FUNDS AND LIABILITIES			
FUNDS			
Restricted fund		2,668,163	592,283
Unrestricted fund		73,446,635	73,126,323
		76,114,798	73,718,606
NON - CURRENT LIABILITIES			
Non-current portion of microcredit lending - secured	11	73,375,000	58,500,000
CURRENT LIABILITIES			
Current portion of microcredit lending - secured	11	121,625,000	110,750,000
Accrued and other payables	12	17,706,924	11,813,927
Income tax payable	13	8,467,683	7,592,847
		147,799,607	130,156,774
TOTAL LIABILITIES		221,174,607	188,656,774
Contingencies and commitments	14		
TOTAL FUNDS AND LIABILITIES		297,289,406	262,375,380

The annexed notes from 1 to 29 form an integral part of these financial statements

NAWABSHAH: **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

SHAH SACHAL SAMI FOUNDATION

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 JUNE 30, 2023

	Note	2023			2022		
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
			Rupees			Rupees	
INCOME							
Service Charges on loans to customers	15	-	64,536,954	64,536,954	-	52,104,949	52,104,949
Loans related fees	16	-	1,447,315	1,447,315	-	1,396,322	1,396,322
Deferred capital grant recognized		-	-	-	-	91,767	91,767
Recovery from loans written-off		-	826,707	826,707	-	822,787	822,787
Provision against non-performing loans and advances	6.4	-	-	-	-	5,208,944	5,208,944
Interest on bank deposits and short term investments		-	763,454	763,454	-	476,331	476,331
Restricted grants	17	23,795,576	-	23,795,576	7,951,022	3,175,047	11,126,069
Others		-	197,897	197,897	-	1,546,918	1,546,918
		23,795,576	67,772,327	91,567,903	7,951,022	64,823,065	72,774,087
EXPENDITURE							
Finance cost	18	-	37,069,860	37,069,860	-	22,738,110	22,738,110
Provision against non-performing loans & advances	6.4	-	353,876	353,876	-	-	-
Receivable balance written-off		-	-	-	-	3,796,417	3,796,417
Administrative and program expenses	19&20	21,719,696	29,194,095	50,913,791	7,951,022	33,686,683	41,637,705
		21,719,696	66,617,832	88,337,528	7,951,022	60,221,210	68,172,232
Surplus before taxation		2,075,880	1,154,495	3,230,375	-	4,601,855	4,601,855
Taxation	21	-	(834,183)	(834,183)	-	(3,904,334)	(3,904,334)
Surplus after taxation		2,075,880	320,312	2,396,192	-	697,520	697,520

The annexed notes from 1 to 29 form an integral part of these financial statements

NAWABSHAH:

CHIEF EXECUTIVE OFFICER

SHAH SACHAL SAMI FOUNDATION

DIRECTOR

SHAH SACHAL SAMI FOUNDATION
(A company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Restricted fund	Unrestricted fund	Total
		(Rupees)	
Balance as at June 30, 2021	3,701,808	72,428,803	76,130,611
Received during the year	11,718,352	-	11,718,352
Amortized	(11,126,069)	-	(11,126,069)
Surplus/deficit of the year	-	697,520	697,520
Write off	(3,701,808)	-	(3,701,808)
Balance as at June 30, 2022	592,283	73,126,323	73,718,606
Surplus for the year	2,075,880	320,312	2,396,192
Balance as at June 30, 2023	2,668,163	73,446,635	76,114,798

The annexed notes from 1 to 29 form an integral part of these financial statements

NAWABSHAH: **CHIEF EXCEUTIVE OFFICER** **DIRECTOR**

SHAH SACHAL SAMI FOUNDATION

SHAH SACHAL SAMI FOUNDATION

(A company set up under section 42 of the Companies Act, 2017)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus/defict for the year before taxation		3,230,375	4,601,855
Adjustments for non-cash changes:			
Depreciation of property and equipment		5,050,083	2,675,799
Provision against non-performing loans and advances		353,876	(5,208,944)
Amortization of deferred grant		-	(91,767)
Interest income/service charges		(65,363,661)	(52,927,736)
Financial charges		37,069,860	22,738,110
		(22,889,841)	(32,814,538)
		(19,659,466)	(28,212,683)
(Increase) / decrease in current assets:			
Loans to customers		5,263,713	7,681,852
Advances, deposits and prepayments		1,292,941	3,924,167
Stationery and publication		(243,842)	(160,000)
Other receivables		(10,307,099)	4,052,703
		(3,994,287)	14,152,313
Increase / (decrease) in current liabilities:			
Restricted Fund		-	(3,109,525)
Subordinated loan - unsecured		-	(8,000,000)
Accrued and other payables		5,892,997	(276,096)
		5,892,997	(11,385,621)
Cash used in operations		(17,760,755)	(25,445,991)
Financial charges paid		(37,069,860)	(20,359,078)
Net cash used in operating activities		(54,830,615)	(45,805,069)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of fixed assets		(19,251,724)	(37,833,619)
Microcredit lending		25,750,000	10,500,000
Net cash used in investing activities		6,498,276	(27,333,619)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received		45,950,549	52,905,871
Net cash generated from financing activities		45,950,549	52,905,871
Net decrease in cash and cash equivalents		(2,381,790)	(20,232,817)
Cash and cash equivalents at the start of the year		10,514,359	30,747,176
Cash and cash equivalents at the end of the year	10	8,132,569	10,514,359

The annexed notes from 1 to 29 form an integral part of these financial statements

NAWABSHAH: **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

SHAH SACHAL SAMI FOUNDATION

SHAH SACHAL SAMI FOUNDATION

(A Company setup under section 42 of repealed Companies Ordinance, 1984)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUN 30, 2023

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

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.

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.

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. The license expired on March 30, 2020 the management has applied to SECP on February 27, 2020 for renewal of the licence which is pending on the reporting date.

-Registered office of the company at House No. 160, Near Gulshan School, Society, NawabShah (Shaheed Benazir Abad), Sindh.
- Branch office, Dour
- Branch office, Sakrand
- Branch office, Head Branch

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the 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; and

- The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008

- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017,the NBFC Rules and the NBFC Regulations differ with the requirements of International Financial Reporting Standards for Small and Medium Enterprises, the provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008, shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention on accrual basis of accounting without taking into account the effects of inflation and current values except for cash flow information reported in statement of cash flows.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional and presentation currency. All financial information presented in Pak Rupees have been rounded off to the nearest Rupee, unless otherwise stated.

2.4 Use of judgments and key estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

	Note
- Useful lives, fair values, residual values and depreciation method of property, plant and equipment	3.1
- Useful lives, residual values and amortization method of intangible assets	3.1
- Impairment loss of non-financial assets	3.2
- Provision against non-performing loans	3.3
- Provision for doubtful debts and other receivables	3.4
- Taxation	3.8
- Contingencies and commitments	3.10

The revisions to accounting estimates (if any) are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

SHAH SACHAL SAMI FOUNDATION

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and the methods of computation adopted in the preparation of these financial statements are consistent with those applied in the preparation of these financial statements for the year ended June 30, 2023.

3.1 Property and Equipment-

Initial recognition

All items of operating fixed assets are initially recorded at cost.

Subsequent measurement

Items of property and equipment other than vehicles are measured at cost less accumulated depreciation and impairment loss (if any).

Vehicles are measured at the revalued amount less accumulated depreciation and impairment loss (if any).

The carrying value of major renewals and improvements are capitalized, while normal repairs and maintenance are charged to the income and expenditure statement as and when incurred.

Depreciation

Depreciation is charged to write off the cost or revalued amount of assets over their estimated useful lives, using the reducing balance method at rates specified in note 4 to the financial statements. Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of deletion.

Disposal

The gain or loss arising on disposal or retirement of an item of operating fixed assets is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of income and expenditure. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the general fund.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on regular basis. The effect of any changes in estimate is accounted for on prospective basis.

3.2 Impairment of non-financial assets

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of income and expenditure, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.3 Provision against non-performing loans

General

General provison is maintained at 1% of the net outstanding loan balances after netting of any bad debts incurred.

Specific

Specific provision for potential loans losses is made for all non-performing loans as follows:

Category	Loans in arrears / Instalment over due	
Other Assets Especially Mentioned (OAEM)	Loans in arrears (instalment overdue) for 30 days or more but less than 59 days	NIL
Substandard	Loans in arrears (instalment overdue) for 60 days or more but less than 89 days	25%
Doubtful	Loans in arrears (instalment overdue) for 90 days or more but less than 179 days	50%
Loss	Loans in arrears (instalment overdue) for 180 days or more	100%

3.4 Trade and other receivables

Measurement

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment

Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification

Judgement and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers among other factors, the creditworthiness and the past collection history of staff and suppliers.

SHAH SACHAL SAMI FOUNDATION

3.5 Impairment of financial assets other than trade receivables

The financial assets other than those that are carried at fair value are assessed at each reporting date to determine whether there is any objective evidence of their impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

The impairment loss is recognized immediately in the statement of profit or loss and the carrying amount of the related financial asset is reduced accordingly. An impairment loss is reversed only if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.6 Borrowings

Measurement

Loans are measured at amortised cost using the effective interest method. Overdrafts are repayable in full on demand and are initially measured and subsequently stated at face value (the amount of the loan).

Interest

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

3.7 Trade and other payables

Trade and other payables are obligations under normal short-term credit terms. These are measured at the undiscounted amount of cash to be paid.

3.8 Taxation

Income tax comprises of current tax and deferred tax.
Income tax expense is recognised in the statement of income and expenditure except to the extent that it relates to items recognized in other comprehensive income or directly in reserves (if any), in which case the tax amounts are recognized directly in other comprehensive income or reserves.

Current tax

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or minimum taxation at the rate of 1.25% of the turnover, or Alternative Corporate Tax at the rate of 17% of accounting profit adjustable as per income tax laws, whichever is higher. While, tax on other income has been charged at normal rates.

Deferred tax

A deferred tax liability is recognised for all temporary differences that are expected to increase taxable surplus in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable surplus in the future, and the carryforward of unused tax deficits.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

Judgement and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable surplus. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable surplus to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable surplus will be available.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority

3.9 Provisions

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

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of income and expenditure.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of income and expenditure unless the provision was originally recognised as part of cost of an asset.

SHAH SACHAL SAMI FOUNDATION

3.10 Contingencies and Commitments

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

a) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Commission; or

b) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Commission, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events not wholly within the control of the Commission. However, based on the best judgment of the Commission and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the financial position date.

Judgments and estimates

The Commission discloses its contingent liabilities for the pending litigations and claims against the Commission based on its judgment and the advice of the legal advisor for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the financial position date. If, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the financial position date.

3.11 Revenue recognition

a) Revenue (other than grants)

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 recognizedRevenue 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:

b) 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

c) Loan application fees

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

d) 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.

e) 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.

3.12 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length on the same terms and conditions as are applicable to third parties or otherwise as approved by the Board of Directors.

3.13 Financial Instruments

The Company accounts for basic financial instruments as per IFRS for SME's. The management determines the classification of its financial instruments at the time of initial recognition as under:

Financial Assets

The Company classifies its financial assets as basic financial instruments including short term investments, cash and bank balances, microfinance loan portfolio, accrued income and trade and other receivables. These financial instruments are initially measured at transaction price and subsequently measured at undiscounted transaction price less any impairment. Financial assets are derecognized when rights to receive cash flows from financial assets are settled or expired.

Financial Liabilities

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term financing, trade and other payables, accrued finance cost and short term financing. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

3.14 Offsetting of financial assets and liabilities

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

SHAH SACHAL SAMI FOUNDATION

Particulars	COST			Rate %	Accumulated Depreciation				Written Down Value as at June 30, 2023
	As at July 01, 2022	Additions	As at June 30, 2023		As at July 01, 2022	On opening	For the year	As at June 30, 2023	
Land	17,006,963	4,500,000	21,506,963	-	-	-	-	-	21,506,963
Furniture & fixtures	8,309,353	350,000	8,659,353	15%	2,297,800	901,733	8,750	3,208,283	5,451,070
Vehicles	7,047,046	4,070,000	11,117,046	15%	4,301,252	411,869	457,875	5,170,996	5,946,050
Office equipments	5,008,600	540,750	5,549,350	15%	1,799,130	481,421	8,184	2,288,735	3,260,615
Tool kits for vocational skills	5,598,656	-	5,598,656	30%	4,254,419	403,271	-	4,657,690	940,966
Computers	4,568,318	265,500	4,833,818	30%	2,821,789	523,959	43,525	3,389,273	1,444,545
School Building-SEF Project	17,302,619	9,525,474	26,828,093	10%	144,188	1,730,118	79,379	1,953,685	24,874,408
2023-Rupees	64,841,555	19,251,724	84,093,279		15,618,578	4,452,370	597,713	20,668,662	63,424,617

Particulars	COST			Rate %	Accumulated Depreciation				Written Down Value as at June 30, 2022
	As at July 01, 2021	Additions	As at June 30, 2022		As at July 01, 2021	Additions	For the year	As at June 30, 2022	
Land	4,006,963	13,000,000	17,006,963	0%	-	-		-	17,006,963
Furniture & fixtures	3,783,553	4,525,800	8,309,353	15%	1,638,526	659,274	-	2,297,800	6,011,553
Vehicles	6,952,046	95,000	7,047,046	15%	3,819,495	481,758	-	4,301,252	2,745,794
Office equipments	3,144,400	1,864,200	5,008,600	15%	1,418,664	380,465	-	1,799,130	3,209,470
Tool kits for vocational skills	5,598,656	-	5,598,656	30%	3,678,317	576,102	-	4,254,419	1,344,237
Computers	3,522,318	1,046,000	4,568,318	30%	2,387,777	434,012	-	2,821,789	1,746,529
School Building-SEF Project	-	17,302,619	17,302,619	10%	-	144,188	-	144,188	17,158,431
2022-Rupees	27,007,936	37,833,619	64,841,555		12,942,779	2,675,799	-	15,618,578	49,222,976

SHAH SACHAL SAMI FOUNDATION

		2023 Rupees	2022 Rupees
5	**DEFERRED TAX ASSET - NET**		
	The balance of deferred tax in respect of the following temporary differences:		
	Accelerated tax depreciation	(193,685)	(131,714)
	Provision against advances to customers	1,067,050	964,426
	Balance as on June 30,	873,365	832,712
	The movement in the deferred tax asset during the year is as follows:		
	Balance as on July 01,	832,712	1,745,801
	Balance as on June 30,	(873,365)	(913,089)
	Tax charge recognized in income statement	(40,653)	832,712
6	**LOANS TO CUSTOMERS - NET OF PROVISION**		
	Pakistan Microfinance Investment Company- Secured	154,065,980	159,683,570

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

	2023	2022
Balance as on July 01,	163,009,177	170,691,029
Loan disbursed to community	120,285,000	138,709,699
Loan recovered from community	(125,548,713)	(146,391,551)
	157,745,464	163,009,177
Provision for the year	(3,679,484)	(3,325,607)
Balance as on June 30,	154,065,980	159,683,570
Considered good	157,745,464	160,498,616
Considered doubtful	-	2,510,562
	157,745,464	163,009,177
Less:		
Specific provision	2,123,262	2,510,561
General Provision	1,556,222	815,046
	3,679,484	3,325,607
	154,065,980	159,683,570

6.2 Sectoral Distribution of Outstanding Loan Portfolio (OLP)

Sr. No	Description	Rupees
1	Enterprise development loan	71,381,595
2	Live stock development loan	53,127,283
3	Agriculture development loan	32,595,747
4	Solar energy loan	640,839
	Total	**157,745,464**

SHAH SACHAL SAMI FOUNDATION

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

Description	2023 Specific	2023 General	2023 Total	2022 Specific	2022 General	2022 Total
Balance as on July 01,	2,510,561	815,046	3,325,607	3,654,272	4,880,279	8,534,551
Charge for the year	-	741,176	741,176	-	(4,065,233)	(4,065,233)
Provision reversed	(387,300)	-	(387,300)	(1,143,711)	-	(1,143,711)
Balance as on June 30,	2,123,262	1,556,222	3,679,484	2,510,561	815,046	3,325,607

6.4 Specific provision:

Description	Required percentage	No of days overdue by	2023 Outstanding balance	2023 Provision required	2022 Outstanding balance	2022 Provision required
Other Assets Especially Mentioned (OAEM)	-	30-59 days	2,714,990	-	2,261,610	-
Sub-standard	25%	60-89 days	1,809,993	452,498	2,021,096	505,274
Doubtful	50%	90-179 days	1,531,533	765,767	2,015,405	1,007,703
Loss	100%	180 or more	904,997	904,997	997,585	997,585
Total			6,961,513	2,123,262	7,295,696	2,510,562

	Note	2023 Rupees	2022 Rupees
7 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advance to staff for expenses		2,535,124	2,357,089
Advance Income Tax		990,052	990,052
Prepaid rent		339,200	1,227,000
Deposit with FBR		-	500,000
Security deposits		1,486,359	1,596,509
Prepaid salaries		89,041	62,067
		5,439,776	6,732,717
8 INTEREST ACCRUED ON MICROCREDIT LENDING			
Balance as on July 01,		29,917,441	29,895,576
Add: Accrual for the year		33,130,966	21,865
Less: Received during the year		(13,717,854)	-
Balance as on June 30,		49,330,553	29,917,441
9 OTHER RECEIVABLES			
Income tax receivable		492,625	-
Kitchen Garden		874,380	-
Naya Qadam		589,500	-
Sindh Education Foundation for School construction		523,345	-
Solar Energy		2,674,535	-
Others		1,133,950	812,885
Wash Project		8,162,171	2,916,616
Shirkat Gah		-	41,250
Prime Project-PMIC & SSSF		-	372,656
		14,450,506	4,143,407
10 CASH AND BANK BALANCES			
Cash in hand		2,255,363	1,679,866
Cash at banks			
Current accounts	10.1	(20,819,894)	991,131
Deposit account		26,697,100	7,843,363
		5,877,206	8,834,494
		8,132,569	10,514,360

10.1 These accounts carried profit at the rates ranging from 12.25% to 19.75% (2022: 6.5% to 13.25%) per annum.The overdrawn balances is due to the cheques isuued by the company at terminal date.

SHAH SACHAL SAMI FOUNDATION

	Note	2023 Rupees	2022 Rupees

11 FINANCING FOR MICROCREDIT LENDING - SECURED

11.1 Financing from PMIC

		2023 Rupees	2022 Rupees
Balance as at July 01,		169,250,000	158,750,000
Loan received during the year		78,750,000	123,250,000
Repayment during the year		(53,000,000)	(112,750,000)
Balance as at June 30,		195,000,000	169,250,000
Current and overdue portion		(121,625,000)	(110,750,000)
Non-current portion		73,375,000	58,500,000

The Company has entered into the term finance facility agreement with the Pakistan Micro Finance Investment Company (PMIC) on March 04, 2021 upto December 31,2024 for the facilty of Rs. 171.25 million for the purpose of micro finance operations which is repayable quarterly with the intrest rate of KIBOR plus 3.75% per annum with no floor or cap.

Pakistan Microfinance Investment Company Limited (PMIC) has also extended standard term loan upto Rs. 129 million vide agreement dated July 19, 2022 till October 31,2026. It carries mark up at "Base Rate" plus 350 bps per annum with no floor or cap (6 month KIBOR "ask side" as published by Reuters page KIBOR at 11: 30 am Pakistan Standard Time (PST) or as published by the Financial Market Association of Pakistan. In case the Reuters page is unavailable shall be the "Base Rate". The Base Rate shall be set on the preceding day from the due date of repayment. The financing facility has been secured by creating hypothecation charge on all present and future current assets of SSSF upto Rs. 250 million.

12 ACCRUED AND OTHER PAYABLES

	2023 Rupees	2022 Rupees
Accrued expenses	2,478,617	1,495,475
Markup accrued on financing for microcredit lending- PMIC	11,192,670	6,962,435
PMN fee	150,000	150,000
Sale tax -Sindh Revenue Board	150,351	150,351
Withholding tax payable	1,092,473	1,099,990
Verge financials	-	113,000
Solar products	24,080	1,009,942
Wash project	755,000	-
Others	1,869,383	832,733
	17,706,924	11,813,926

13 INCOME TAX PAYABLE

	2023 Rupees	2022 Rupees
Balance as at July 01,	7,592,848	4,601,602
Provision for taxation - Current year	874,836	2,991,246
Balance as at June 30,	8,467,683	7,592,848

14 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material contingencies as at reporting date (June 30, 2022: Rs. 7,040,852).

Commitments

Commitments for capital expenditure outstanding as at reporting dates was Rs.Nil

15 INTEREST INCOME/SERVICE CHARGES ON LOANS TO CUSTOMERS

	2023 Rupees	2022 Rupees
Service charges - PPAF Loan	4,099,453	-
Service charges- PMIC Loan	60,397,510	52,104,949
Service charges- SSSF Loan	39,991	-
	64,536,954	52,104,949

Services charges on loan to customers have been received from the borrowers at the rate ranging between 16% to 32.5 % per anum

SHAH SACHAL SAMI FOUNDATION

	Note	2023 Rupees	2022 Rupees
16 LOANS RELATED FEES			
Application fees		17,980	42,000
Processing fees		1,429,335	1,354,322
		1,447,315	1,396,322

	Note	2023 Rupees	2022 Rupees
17 RESTRICTED GRANTS			
British Council	17.1	-	1,396,196
Shirkat Gah	17.2	3,909,251	297,500
Sindh Education Foundation-SEF	17.3	4,833,600	2,394,075
Wash Project	17.4	11,749,060	2,796,836
Prime Project-PMIC & SSSF	17.5	372,656	1,066,415
Kitchen Garden	17.6	1,824,057	
BBSHRDDB	17.7	1,106,952	-
		23,795,576	7,951,022

17.1 This project relates to the British Council for the program entitled "IMPOSSIBLE - Take a Child to School- Phase II". The aggrement 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.

17.2 This project is for Shirkat Gah Women's Resources Center for the program entitled " NAYA QADAM" .The project is being implemented in District Nawab Shah for which activities are as under:

Sr. No.	Name of Activity	MOU Reference	Duration of Activity
1	Three days training on Muslim Family Law.	SG-MOU-02-2022-0019	19th to 30th November 2022
2	Networking Meeting in District Benazirabad	SG-MOU-02-2022-0019	16th to 31th December 2022
3	Facilitators SAIs Community Sessions	SG-MOU-02-2022-0019	15th to 31th December 2022
4	Medical Campaign for flood affectees	SG-MOU-02-2022-0001	7th December 2022 to 25 February 2023

17.3 This project is with Sindh Education Foundation under New Foundation Assisted Schools(FAS). The agreement is for the period of 5 years from 20th June 2021 to 19th June 2026. The FAS aim to provide free of cost education and SSSF shall get per child per month subsidy over it.The project is being implemented in District Nawab Shah.

17.4 This is a Consultancy Contract with Local Government Department-Government of Sindh for the program entitled " WASH ".The agreement is for the period from 1st October 2021 to 07th March 2024 for the sum of Rs. 20,832,974. The project is being implemented in District Nawab Shah.

17.5 This project is executed with Pakistan Microfinance Investment Company for the program entitled PMIC-KFW Renewable Energy Initiative Through Microfinance (PRIME). The agreement is for the period from 1st October 2021 to 30th September 2022 for the amount not exceeding Rs. 1,625,625.The project is being implemented in District Nawab Shah.

17.6 This Project pertains to the KITCHEN GARDEN activity to be implemented in different districts of Sindh. The contract for non consulting services has been executed between project director Sindh Irrigated Agriculture Productivity Enhancement Project- Govt of Sindh as on August 01, 2020 for the sum of Rs. 2,010,000.

17.7 This contract has been executed with the Benazir Bhutto Shaheed Human Resource, Research and Development Board (BBSHRDDB) for the office automation stiching & Sewing, Social media marketing with digital marketing to the peoples who's minimum qualification is matric. This Project is for the sum of Rs.1,507,000.

SHAH SACHAL SAMI FOUNDATION

	Note	2023 Rupees	2022 Rupees
18 FINANCE COST			
Interest expense on subordinated loan -PPAF		-	161,315
Interest expense on PMIC Loan		37,069,860	22,576,795
		37,069,860	22,738,110
19 ADMINISTRATIVE AND PROGRAM EXPENSES			
Salaries, wages and other benefits		8,942,387	12,784,341
Rent		2,828,855	3,020,660
Legal and professional fee		387,000	237,110
Verification charges		90,400	50,850
Fuel		1,255,451	1,385,376
Repair and maintenance		3,010,223	1,661,788
Travelling and conveyance		228,650	28,230
Meetings and activities		93,000	1,790,000
Printing, stationery and periodicals		1,328,198	343,612
Office supplies		1,212,477	1,499,937
Training and capacity building		59,420	1,580,000
Software maintenance fees		1,977,000	1,537,500
Insurance		80,611	415,762
Bank charges		57,100	118,908
Utilities and communication		1,100,741	1,189,786
Other expenses		311,150	1,148,751
Pentalty & charges		-	50,620
Charity expenses		-	250,000
Solar		-	1,414,652
Review audit fee		-	80,000
Website maintenance fee		105,149	-
Advertisement expenses		360,000	198,000
Auditors' remuneration	19.1	716,200	225,000
Depreciation		5,050,083	2,675,799
		29,194,095	33,686,682
19.1 Auditor's Rumuneration			
Audit related services			
Review Fee		169,500	-
Audit fee		450,000	225,000
Sales tax on services		22,500	-
Out of pocket		35,000	-
		677,000	225,000
Non- Audit related services			
Certificate on compliance		39,200	-
		716,200	225,000
20 PROJECT EXPENSES			
Shirkat Gah-Project		6,605,520	297,500
Sindh Education Foundation		4,108,632	2,394,075
Prime Project-PMIC		752,788	1,066,415
Wash Project		7,007,756	2,796,836
BBSHRDB		1,255,000	-
Kitchen Garden		1,990,000	-
British Council		-	1,396,196
		21,719,696	7,951,022

SINDH SUCHAL SAMI FOUNDATION

	2023 (Rupees)	2022 (Rupees)
21 TAXATION		
Current Tax	874,836	733,745
Deferred Tax	(40,653)	913,089
Prior year adjustment	-	2,257,501
	834,183	3,904,334

This adjustment pertains to reversal of tax credits claimed in earlier years as per various assessments finalized by Income Tax Department.

22 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Company comprise of its members, associates including entities having common directorship and key management personnel .No transaction excecuted with the related parties during the year.

23 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	Chief Executive Officer		Director	
	2023	2022	2023	2022
	(Rupees)			
Remuneration	-	-	-	-
	-	-	-	-
Numbers	1	1	8	8

	2023 (Rupees)	2022 (Rupees)
24 CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,132,569	10,514,360

25 OPERATIONAL SELF SUFFICIENCY (OSS) RATIO

	2023	2022
Interest Income	66,127,115	58,613,011
Operating Income	1,645,212	7,081,597
Total operating income	67,772,327	65,694,608
Finance cost	37,069,860	22,738,110
Administrative expenses	29,194,095	33,686,683
Total operating expenses	66,263,955	56,424,793
Operational self sufficiency Ratio	1.02	1.16

26 FINANCIAL ASSETS AND LIABILITIES

Financial instruments by category

Year 2022-23	Interest bearing: Maturity upto one year	Interest bearing: Maturity after one year	Sub-total	Not interest bearing	Total Rupees
FINANCIAL ASSETS					
Loans and receivables at amortized cost					
Loans to customers - net of provision	154,065,980	-	154,065,980	-	154,065,980
Other loans and advances	5,439,776	-	-	5,439,776	5,439,776
Interest accrued on microcredit lending	49,330,553	-	-	49,330,553	49,330,553
Other receivables	14,450,506	-	-	14,450,506	14,450,506
Cash and bank balances	8,132,569	-	-	8,132,569	8,132,569
	231,419,384	-	154,065,980	77,353,404	231,419,384
FINANCIAL LIABILITIES					
Financial liabilities carried at amortized cost					
Microcredit lending - secured	121,625,000	73,375,000	195,000,000	-	195,000,000
Other payables	-	-	-	17,706,924	17,706,924
Rupees-2023	121,625,000	73,375,000	195,000,000	17,706,924	212,706,924

SHAH SACHAL SAMI FOUNDATION

Year 2021-22	Interest bearing				
	Maturity upto one year	Maturity after one year	Sub-total	Not interest bearing	Total Rupees
Financial assets					
Loans and receivables at amortized cost					
Loans to customers - net of provision	159,683,570	-	159,683,570	-	159,683,570
Other loans and advances	-	-	-	6,732,717	6,732,717
Interest accrued on microcredit lending	-	-	-	29,917,441	29,917,441
Other receivables	-	-	-	4,143,407	4,143,407
Cash and bank balances	7,843,363	-	7,843,363	2,670,996	10,514,359
	167,526,933	-	167,526,933	43,464,561	210,991,494
Financial liabilities					
Financial liabilities carried at amortized cost					
Microcredit lending - secured	110,750,000	-	169,250,000	-	169,250,000
Other payables	-	-	-	11,813,927	11,813,927
Rupees-2022	110,750,000	-	169,250,000	11,813,927	181,063,927

27 NUMBER OF EMPLOYEES

	2023	2022
Total number of employees as at June 30,	38	36
Average number of employees during the year	37	34

28 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.

29 DATE OF AUTHORIZATION

26 DEC 2023

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

SHAHSACHAL SAMI FOUNDATION

NAWABSHAH: CHIEF EXECUTIVE OFFICER DIRECTOR