

# Condensed Interim Financial Statements

For the Quarter ended  
September 30, 2013

(un-audited)



Pakistan Poverty Alleviation Fund



## **UN-AUDITED FINANCIAL STATEMENTS**

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## PAKISTAN POVERTY ALLEVIATION FUND MANAGEMENT REVIEW



The Management is pleased to present the un-audited condensed interim financial statements of the Company for the first quarter ended September 30, 2013.

PPAF's approach to alleviating poverty has matured into a unique model of participatory development subsuming carefully synchronized interventions that are contextually responsive to basic community needs. Effectiveness is ensured through capacity building of the community institutions as well as civil society organizations that serve them. Of equal importance is the adaptability and lesson learning approach adopted by PPAF, which in turn has led to the evolution of the participatory multi-faceted and integrated yet flexible development model. While this model is aimed at addressing poverty of entire communities, the primary focus of all its interventions on women has enabled PPAF to address the weakest link in economic development.

In addition to the mainstream activities the Company remained at forefront in providing relief and rehabilitation services to families affected by flood. The Company carried out relief activities through its partners in union councils where flood caused massive damage to crops, livestock and housing infrastructure.

### **Operational and Financial Results:**

The overall operational and financial results during the quarter remained satisfactory. Total income generated was Rs 665 million compared to Rs 758 million during the corresponding period last year. The decrease in income was mainly on account reduction in KIBOR which affected both service charges on loans to POs and markup on investments. In addition, Rs. 54 million was received by the Company for its operational support as against Rs 36 million for corresponding period last year.

The general and administrative expenses during the quarter were Rs 126 million as against Rs 113 million during the corresponding period last year, an increase of 12%. The

main increase was in salaries/benefits. The rise in salaries and benefits expense was on account of annual increments to provide relief against higher cost of living and bonus to existing employees in recognition of their work performance as well as hiring of new staff members.

Seminar, workshops and training expenses of Rs 4 million included Rs 2 million spent on the workshops and Rs 2 million on PPAF staff trainings. Technical and other studies were Rs. 19 million as against Rs. 19 million corresponding period last year. The financial charges were Rs 43 million include service charges on long term loan as well bank charges and Imputed interest on below market rate long term loan. In addition, an amount of Rs 196 million was spent on monsoon flood recovery interventions from PPAF's own resources.

As of September 30, 2013, total equity and reserves stood at Rs 11,134 million (June 30, 2013: Rs 10,858 million), total assets at Rs 30,634 million (June 30, 2013: Rs 31,656 million) and loans receivable from partner organizations at Rs 12,293 million (June 30, 2013: Rs 13,300 million).

### **Disbursements and outputs**

Total disbursements during the quarter were Rs. 3,848 million compared to Rs. 3,768 million in the corresponding period last year, indicating a increase of 2%. Loan (microcredit and enterprise development facility) disbursements were Rs 1,929 million (Jul - Sep 12: Rs 2,686 million) and disbursements for core grant based interventions were Rs 3,546 million (Jul - Sep 12: Rs 3,365 million). In addition, Rs 302 million was disbursement for special projects and relief and rehabilitation activities (Jul - Sep 12: Rs 403 million).

### **Key Events**

PPAF hosted Pakistan's first ever Microfinance Summit from 8th July 2013 to 10th July 2013 with around 450 participants from Government, delegates from State Bank of Pakistan and Security Exchange Commission of Pakistan, Donors, Ambassadors, Micro Finance Institutions, Commercial and Microfinance Banks, Development professionals,

academia and media. The event provided policy recommendations on the issues faced by the sector through dialogue between key stakeholders on important aspects pertaining to the sector. Participants of the summit widely acknowledged the professionalism and the finesse with which the summit was conducted.

October 28, 2013

Qazi Azmat Isa  
Chief Executive Officer

**PAKISTAN POVERTY ALLEVIATION FUND  
CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2013**

	Note	Un-audited September 30, 2013	Audited June 30, 2013
(Rupees in '000)			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	73,230	78,710
Intangible assets		6,985	7,484
Long term investments	5	886,400	886,400
Long term profit receivable		5,002	3,716
Long term loans to Partner Organizations	6	2,701,356	3,851,229
		<u>3,672,973</u>	<u>4,827,539</u>
<b>CURRENT ASSETS</b>			
Current maturity of long term investments	5	400,000	594,000
Current maturity of loans to Partner Organizations	6	8,722,477	8,579,876
Short term investments	7	11,802,162	11,435,995
Advances, deposits, prepayments and other receivables		130,089	83,753
Profit/service charges receivable		865,845	844,717
Bank balances-specific to projects	8	3,876,027	5,196,815
Cash and bank balances	9	1,164,814	93,603
		26,961,414	26,828,759
		<u>30,634,387</u>	<u>31,656,298</u>
<b>FUND AND RESERVES</b>			
Endowment fund	10	1,000,000	1,000,000
Grant fund		5,164,132	4,853,675
Reserve for grant based activities		676,387	754,136
Accumulated surplus		4,293,634	4,250,432
		<u>11,134,153</u>	<u>10,858,243</u>
<b>LONG TERM LOANS</b>	11	13,008,793	13,173,002
<b>DEFERRED BENEFIT OF BELOW MARKET RATE OF INTEREST ON LONG TERM LOAN</b>	11.5.1	1,815,617	1,830,404
<b>CURRENT LIABILITIES</b>			
Deferred liabilities - grant fund	12	3,965,095	5,057,363
Deferred income - grant fund		7,004	5,856
Current portion of long term loans	11	615,431	615,431
Service and commitment charges payable		22,070	28,655
Accrued and other liabilities		66,224	87,344
		4,675,824	5,794,649
		<u>30,634,387</u>	<u>31,656,298</u>

The annexed notes 1 to 20 are an integral part of these financial statements.

**PAKISTAN POVERTY ALLEVIATION FUND  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	<u>Note</u>	<u>September 30, 2013</u>	<u>September 30, 2012</u>
(Rupees in '000)			
<b>INCOME</b>			
Service charges on loans to Partner Organizations		267,058	326,987
Income on investments and saving accounts	13	328,888	376,646
Amortization of deferred income - grant fund		54,079	35,762
Amortization of deferred benefit of below market rate of interest on long term loan	11.5.1	14,787	18,753
Other income		28	84
		<u>664,840</u>	<u>758,232</u>
<b>EXPENDITURE</b>			
General and administrative expenses	14	125,994	113,330
Seminars, workshops and trainings	15	4,438	1,131
Technical and other studies	16	18,823	19,381
Loan loss provision	6	-	3,152
Financial charges	17	43,352	51,348
		<u>192,607</u>	<u>188,342</u>
<b>SURPLUS BEFORE PROJECT AND RELIEF ACTIVITIES</b>		472,233	569,890
Project and relief activities	18	196,323	2,156
<b>SURPLUS FOR THE QUARTER</b>		275,910	567,734
<b>OTHER COMPREHENSIVE INCOME FOR THE QUARTER</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>		<u><u>275,910</u></u>	<u><u>567,734</u></u>

The annexed notes 1 to 20 are an integral part of these financial statements.

Chairman

Chief Executive Officer

**PAKISTAN POVERTY ALLEVIATION FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

<b>Note</b>	<b>September 30, 2013</b>	<b>September 30, 2012</b>
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the quarter	275,910	567,734
Adjustment for non cash items:		
Depreciation	7,980	8,185
Amortization of intangible assets	901	1,721
Grants for operational assistance	(54,079)	(35,762)
Amortization of deferred benefit of below market rate of interest on long term loan	(14,787)	(18,753)
Loan loss provision	-	3,152
Financial charges	43,288	51,208
	(16,697)	9,751
	259,213	577,485
Working capital changes		
(Increase) / decrease in current assets:		
Advances, deposits, prepayments and other receivables	(46,336)	(47,307)
Profit/service charges receivables	(21,128)	(74,956)
Increase / (decrease) in current liabilities:		
Accrued and other liabilities	(21,120)	(14,148)
	(88,584)	(136,411)
Cash generated from operations	170,629	441,074
Disbursements to partner organizations:		
Loan	(1,429,340)	(2,585,946)
Grants	(1,919,591)	(1,085,682)
Recoveries of loans from partner organizations	2,436,612	2,511,984
Financial charges paid	(35,086)	(31,553)
	(947,405)	(1,191,197)
Cash flows from operating activities	(776,776)	(750,123)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments - net purchases	(172,167)	199,929
Capital expenditure incurred	(2,902)	(3,875)
Profit receivable on investments	(1,286)	-
Cash flows from investing activities	(176,355)	196,054
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term loans - repaid	(178,996)	(178,996)
Deferred liabilities - grant fund receipts	827,323	1,904,474
Deferred income - grant fund receipts	55,227	34,040
Cash flows from financing activities	703,554	1,759,518
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(249,577)	1,205,449
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER</b>	5,290,418	2,405,297
<b>CASH AND CASH EQUIVALENTS AT END OF THE QUARTER</b>	<b>5,040,841</b>	<b>3,610,746</b>

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The annexed notes 1 to 20 are an integral part of these financial statements.



**PAKISTAN POVERTY ALLEVIATION FUND  
CONDENSED INTERIM STATEMENT OF CHANGES IN FUND AND RESERVES (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	Endowment Fund	Grant fund	Reserve for grant based activities (Rupees in '000)	Accumulated Surplus	Total
<b>Balance as at June 30, 2012</b>		1,000,000	3,803,563	400,467	3,701,440	8,905,470
Total comprehensive income for the quarter						
Surplus for the quarter ended September 30, 2012		-	-	-	567,734	567,734
Other comprehensive income		-	-	-	-	-
		-	-	-	567,734	567,734
Transfer from accumulated surplus to grant fund		-	296,738	-	(296,738)	-
Transfer from accumulated surplus to reserve for grant based activities		-	-	102,115	(102,115)	-
<b>Balance as at September 30, 2012</b>		<u>1,000,000</u>	<u>4,100,301</u>	<u>502,582</u>	<u>3,870,321</u>	<u>9,473,204</u>
Total comprehensive income for three quarters						
Surplus for the three quarters ended June 30, 2013		-	-	-	1,385,039	1,385,039
Other comprehensive income		-	-	-	-	-
		-	-	-	1,385,039	1,385,039
Transfer from accumulated surplus to grant fund		-	753,374	-	(753,374)	-
Transfer from accumulated surplus to reserve for grant based activities		-	-	251,554	(251,554)	-
<b>Balance as at June 30, 2013</b>		<u>1,000,000</u>	<u>4,853,675</u>	<u>754,136</u>	<u>4,250,432</u>	<u>10,858,243</u>
Total comprehensive income for the quarter						
Surplus for the quarter ended September 30, 2013		-	-	-	275,910	275,910
Other comprehensive income		-	-	-	-	-
		-	-	-	275,910	275,910
Transfer from accumulated surplus to grant fund		-	310,457	-	(310,457)	-
Transfer from accumulated surplus to reserve for grant based activities		-	-	(77,749)	77,749	-
<b>Balance as at September 30, 2013</b>	19	<u>1,000,000</u>	<u>5,164,132</u>	<u>676,387</u>	<u>4,293,634</u>	<u>11,134,153</u>

The annexed notes 1 to 20 are an integral part of these financial statements.

Chairman

Chief Executive Officer

**PAKISTAN POVERTY ALLEVIATION FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

1. Pakistan Poverty Alleviation Fund ("the Company") was registered in Pakistan on February 6, 1997 as a public company with liability limited by guarantee, under Section 42 of the Companies Ordinance, 1984. The primary object of the Company is to help poor, the landless and the asset-less in order to enable them to gain access to the resources for their productive self employment and to encourage them to undertake activities of income generation, poverty alleviation and for enhancing quality of life.
2. These condensed interim financial statements for the quarter ended September 30, 2013 are un-audited and have been prepared in accordance with the requirements of International Accounting Standard - 34: "Interim Financial Reporting". These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2013. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended June 30, 2013, whereas, comparative condensed interim income and expenditure account, condensed interim cash flow statement, and condensed interim statement of changes in fund and reserves are stated from unaudited condensed interim financial statements for the quarter ended September 30, 2012.
3. Accounting policies adopted for preparation of these financial statements are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2013.

	Note	Un-audited September 30, 2013	Audited June 30, 2013
(Rupees '000')			
<b>4. FIXED ASSETS - TANGIBLE</b>			
Opening written down value		78,710	77,350
Additions		2,500	31,226
Written down value of disposals / adjustments		-	(410)
Depreciation		(7,980)	(29,456)
		<u>73,230</u>	<u>78,710</u>
<b>5. LONG TERM INVESTMENTS - held to maturity</b>			
Specific to Endowment fund			
Pakistan Investment Bonds (PIBs)	5.1	1,000,000	1,000,000
Specific to grant fund			
Pakistan Investment Bonds (PIBs)	5.2	236,400	236,400
Term Deposit Receipts (TDRs)	5.3	50,000	50,000
Specific to others			
Pakistan Investment Bonds (PIBs)	5.4	-	194,000
		<u>1,286,400</u>	<u>1,480,400</u>
Less: Long term investments maturing within next twelve months shown as current asset		400,000	594,000
		<u>886,400</u>	<u>886,400</u>

- 5.1 Represents investments in PIBs as follows:

Principal (Rupees)	Issue Date	Maturity Date	Coupon rate % per annum	Payment terms
400.0 million	29-04-2004	28-04-2014	8.00	Semi annually
200.0 million	22-07-2010	22-07-2020	12.00	Semi annually
200.0 million	22-07-2010	22-07-2020	12.00	Semi annually
200.0 million	18-08-2011	18-08-2021	12.00	Semi annually

5.2 Represents investments in PIBs as follows:

<u>Principal (Rupees)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Coupon rate % per annum</u>	<u>Payment terms</u>
236.4 million	19-07-2012	19-07-2015	11.25	Semi annually

5.3 Represents investment in TDRs Rs. 50,000 thousand of a commercial bank at markup rate of 10.2% p.a. (June 2013: 10.2% p.a)

6. <b>LOANS TO PARTNER ORGANIZATIONS - secured, considered good</b>	<u>Note</u>	<u>Un-audited September 30, 2013</u>	<u>Audited June 30, 2013</u>
		<u>(Rupees in '000)</u>	
AGAHE		52,916	42,083
Al Mehran Rural Development and Welfare Organization		121,810	120,272
ASA Pakistan Limited		86,115	103,115
Asasah		197,096	197,146
Badbaan Enterprise Development Forum		28,602	21,353
Baidarie		60,186	57,321
BRAC Pakistan		643,500	573,360
Buksh Foundation		38,925	31,425
Bunyad Literacy Community Council		19,242	24,817
Centre for Women Cooperative Development		230,348	312,771
Community Support Concern		338,959	328,545
Development Action for Mobilization and Emancipation		946,734	903,165
Dia Welfare Organization		55,337	61,275
Farmers Friend Organization		201,800	185,650
Ghazi Brotha Taraqiatee Idara		25,874	28,464
Jinnah Welfare Society		385,225	381,915
Karwan Community Development Organization		12,120	11,856
Kashf Foundation		1,990,000	2,330,000
Khajji Cooperative Society		11,420	11,420
Khwendo Kor Women and Children Development Programme		8,797	10,938
Kiran Welfare Organization		100	100
Mashal Development Organization		609	609
Mehran Education Society		39,900	39,900
Mojaz Foundation		107,962	130,160
Narowal Rural Development Programme		134,453	115,532
National Rural Support Programme		1,856,148	2,128,748
NRSP Microfinance Bank		1,400,000	1,500,000
Orangi Charitable Trust		54,200	91,600
Organization for Participatory Development		76,428	82,128
Orix Leasing Pakistan Limited		215,799	189,116
Poverty Eradication Network		1,827	1,827
Punjab Rural Support Programme		309,223	346,206
Rural Community Development Society		602,682	492,785
SAATH Development Society		35,675	34,792
Sarhad Rural Support Programme		15,000	17,000
Save The Poor		13,372	13,373
Sayya Foundation		12,700	11,300
Shadab Rural Development Organization		30,187	47,250
Shah Sachal Sami Welfare Association		42,875	46,825
Sindh Agricultural & Forestry Workers Coordinating Organization		366,809	487,953
Sindh Rural Support Organization		288,300	583,600
Soon Valley Development Programme		85,510	96,725
Swabi Women Welfare Society		47,000	43,667
Thardeep Rural Development Programme		1,014,433	976,033
Villagers Development Organization		52,917	48,450
Women Social Organization		26,394	30,211
Young Pioneers Society		7,150	7,150
	6.1	12,292,659	13,299,931
Less: Loan loss provision		868,826	868,826
		11,423,833	12,431,105
Less: Amount receivable within next twelve months shown as current asset		8,722,477	8,579,876
		<u>2,701,356</u>	<u>3,851,229</u>

6.1 The Company disbursed microcredit loans to POs under respective Financing Agreements at service charges based upon a range of benchmarks including KIBOR. These loans are secured through letter of hypothecation

on receivables of POs created out of financing obtained from the Company. Further, the Company maintains a first charge on all assets / capital items created out of financing provided for capacity building and under the exclusive lien of the Company until full repayment of the principal, service charges and other outstanding amounts payable to the Company. These loans are repayable on quarterly basis within two years under the respective financing agreements signed between the Company and the POs. Effective April 1, 2013 rates for service charges are revised on the basis of classification of POs into "for-profit" and "not-for-profit" and further sub categories into geographical areas (June 2012: 8% to 14.25%).

	<b>Note</b>	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
(Rupees in '000)			
<b>7. SHORT TERM INVESTMENTS</b>			
Specific to projects	7.1	3,699,980	3,265,000
Specific to grant fund	7.2	4,877,732	4,567,275
Specific to others	7.3	3,224,450	3,603,720
		<u>11,802,162</u>	<u>11,435,995</u>

7.1 These represent investments in term deposit receipts maturing within one year from the date of investment at annual markup rates ranging from 8.50% p.a. to 9.36% p.a (June 2013: 8.50% p.a. to 10.50% p.a). These funds were placed with commercial banks as cash collaterals for providing a partial guarantee to the Banks to facilitate lending to following Microfinance Institutions:

<b>Microfinance institutions</b>	<b>Investment amount</b>		<b>Running finance facility</b>	
	<b>September 30, 2013</b>	<b>June 30, 2013</b>	<b>September 30, 2013</b>	<b>June 30, 2013</b>
	<b>Rs</b>		<b>Rs</b>	
Kashf Foundation	1000 million	1000 million	1500 million	1500 million
National Rural Support Programme	1,750 million	1250 million	2,000 million	1650 million
Orangi Charitable Trust	150 million	150 million	150 million	150 million
BRAC Pakistan	250 million	250 million	425 million	425 million
Sindh Agricultural & Forestry Workers Coordinating Organization	-	-	-	-
Asasah	50 million	50 million	50 million	50 million
Jinnah Welfare Society	40 million	40 million	60 million	60 million
Rural Community Development Society	100 million	125 million	160 million	188 million
Development Action for Mobilization and Emancipation	110 million	150 million	165 million	225 million
Community Support Concern	50 million	50 million	75 million	75 million
Thardeep Rural Development Program	100 million	100 million	150 million	150 million
Punjab Rural Support Program	100 million	100 million	150 million	150 million
<b>Total</b>	<u>3,700 million</u>	<u>3,265 million</u>	<u>4,885 million</u>	<u>4,623 million</u>

7.2 Specific to grant fund includes investments of Rs 614,633 thousand (June 2013: Rs 664,996 thousand) (equivalent to 5%(June 2013: 5%) of the loan receivable from Partner Organizations) as disaster relief fund, and Rs 4,263,099 thousand (June 2013: Rs 4,188,681 thousand) as grant fund to finance grant based activities of which Rs.286,400 thousand is appearing as long term investment in note 5.

These funds are invested in term deposit receipts maturing within one year from the date of investment, at annual mark up rates ranging from 8.67% p.a to 10.25% p.a (June 2013: 8.90% p.a to 10.25% p.a.).

	<b>Note</b>	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
(Rupees in '000)			
<b>7.3 Specific to others</b>			
Term Deposit Receipts (TDR)	7.3.1	584,225	1,611,557
Government Treasury Bills	7.3.2	2,640,225	1,992,163
	7.3.3	<u>3,224,450</u>	<u>3,603,720</u>

7.3.1 These funds are invested in term deposit receipts maturing within one year from the date of investment, at annual mark up rates ranging from 8.67% p.a to 9.75% p.a (June 2013: 8.7% p.a to 12.00% p.a).

- 7.3.2 These funds are invested in Government Treasury Bills maturing within one year from the date of investment, at annual mark up rates ranging from 8.9% p.a to 9.42% p.a (June 2013: 8.92% p.a to 9.44% p.a).
- 7.3.3 Specific to others include investments of Rs 1,843,900 thousand (June 2013: Rs 1,994,989 thousand) (equivalent to 15% (2013: 15%) of the loan receivable from Partner Organizations) to safeguard against any major default on loan receivable and provide capital adequacy; and Rs 1,380,550 thousand (June 2013: Rs 1,611,175 thousand) are available for lending activities.

<b>Note</b>	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
	(Rupees in '000)	

## 8. BANK BALANCES - SPECIFIC TO PROJECTS

Cash at banks - current accounts

Specific to IDA III

Specific to IFAD - PRISM

Specific to Kfw - Livelihood and community infrastructure

Specific to Kfw - Renewable energy

Specific to Banezir Income Support Program (BISP)

Specific to CECP grant

3,454,534	4,671,659
35	1,062
211,705	1,999
12,482	18,180
98,119	407,629
-	-
<b>3,776,875</b>	<b>5,100,529</b>
99,152	96,286
<b>3,876,027</b>	<b>5,196,815</b>

Cash at banks - deposit accounts

Specific to USDA grant

- 8.1 As per the financing agreements signed with various donors, PPAF is allowed to draw funds from the special accounts for carrying out eligible categories of expenses. However, such funds cannot be invested to earn profit and are hence kept in special project specific bank accounts.

<b>Note</b>	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
	(Rupees in '000)	

## 9. CASH AND BANK BALANCES

Cash in hand

Cash at banks - current accounts

Cash at banks - deposit accounts

	100	7
	45,858	2,228
9.1	1,118,856	91,368
	1,164,714	93,596
	<b>1,164,814</b>	<b>93,603</b>

- 9.1 The balances in deposit accounts carry average mark up of 8 % p.a. (June 2013: 8 % p.a.).

The balances include Rs. 21,167 thousand related to CECP project deposited in operational account on the closure of Citi Bank operations in Pakistan.

## 10. ENDOWMENT FUND

This represents the amounts paid by GOP for endowment fund under the Subsidiary Financing Agreements (SFAs) for IDA I and IDA II projects. Under the SFA, the fund is to be invested in the government schemes / bonds and income generated therefrom shall be utilized for revenue and capital expenditure of the Company.

	<b>Note</b>	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
(Rupees in '000)			
<b>11. LONG TERM LOANS - Unsecured</b>			
Government of Pakistan - PPAF - I (IDA financing)	11.1	1,973,535	1,973,535
Government of Pakistan- PPAF - II (IDA financing)	11.2	7,877,210	8,056,206
Government of Pakistan - (IFAD financing-MIOP)	11.3	1,144,527	1,144,527
Government of Pakistan - (IFAD financing-PRISM)	11.4	1,999,036	1,999,036
Government of Pakistan- PPAF - III (IDA financing)	11.5	629,916	615,129
		<u>13,624,224</u>	<u>13,788,433</u>
Less: Amount payable within next twelve months shown as current liability		(615,431)	(615,431)
		<u>13,008,793</u>	<u>13,173,002</u>

11.1 Government of Pakistan - PPAF - I (IDA financing)

Opening balance	1,973,535	2,202,789
Amount repaid	-	(109,617)
	<u>1,973,535</u>	<u>1,973,535</u>

The principal amount of loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty semi-annual installments payable on each May 15, and November 15 commencing from November 15, 2007 and ending on May 15, 2022. Each installment upto and including the installment payable on May 15, 2013 shall be equal to 2.083% of such principal amounts and each installment thereafter shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75 % p.a.

	<b>Note</b>	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
(Rupees in '000)			
<b>11.2 Government of Pakistan- PPAF - II (IDA financing)</b>			
Opening balance		8,056,206	8,414,199
Amount repaid		(178,996)	(357,993)
		<u>7,877,210</u>	<u>8,056,206</u>

The principal amount of loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty semi-annual installments, payable on each Feb 01, and August 01 commencing from February 01, 2012 and ending on August 01, 2026. Each installment upto and including the installment payable on August 01, 2017 shall be equal to 2.083% of such principal amounts and each installment thereafter shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75 % p.a.

	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
<b>Note</b>	(Rupees in '000)	

11.3 Government of Pakistan - (IFAD financing MIOP)	1,144,527	1,144,527
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The loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty semi-annual installments, payable on each Feb 01, and August 01 commencing from February 01, 2012 and ending on August 01, 2026. Each installment upto and including the installment payable on August 01, 2017 shall be equal to 2.083% of such principal amounts and each installment thereafter shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75 % p.a.

	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
<b>Note</b>	(Rupees in '000)	

11.4 Government of Pakistan - (IFAD financing PRISM)

Opening balance	1,999,036	1,885,000
Amount received	-	114,036
	<u>1,999,036</u>	<u>1,999,036</u>

The loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty equal semi-annual installments commencing from December 01, 2015 and ending on June 01, 2030. These loans carry a service charge of 0.75 % p.a.

	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
<b>Note</b>	(Rupees in '000)	

11.5 Government of Pakistan- PPAF - III (IDA financing)

Opening balance	2,445,533	2,296,033
Amount received	-	149,500
	<u>2,445,533</u>	<u>2,445,533</u>
Less: Deferred benefit of below market rate of interest on long term loan	11.5.1 1,815,617	1,830,404
	<u>629,916</u>	<u>615,129</u>

The loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty semi-annual installments, payable on each June 15, and December 15 commencing from June 15, 2017 and ending on December 15, 2031. Each installment upto and including the installment payable on December 15, 2022 shall be equal to 2.083% of such principal amounts and each installment thereafter shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75 % p.a.

11.5.1 The loan is carried at present value computed at market based interest rate. The difference between present value and loan proceeds is recognised as deferred benefit. The deferred benefit is recognized as income using the effective interest method over the period of the loan. Movement of deferred benefit during the year is as follows:

	<b>Un-audited September 30, 2013</b>	<b>Audited June 30, 2013</b>
<b>Note</b>	(Rupees in '000)	

Deferred benefit

Opening balance	1,830,404	1,779,819
Add: benefit on loan received during the year		112,072
Amortization during the period	(14,787)	(61,487)
	<u>1,815,617</u>	<u>1,830,404</u>

										Un-audited	Audited	
										September 30, 2013	June 30, 2013	
IDA III	USAID	USDA	IFAD PRISM	KfW Renewable Energy	KfW Livelihood	CECP	BISP	OTHER FUNDS				
<b>12. DEFERRED LIABILITIES - GRANT FUND</b>												
<b>Note</b>												
											(Rupees '000')	
Opening balance	4,567,598	115,984	90,294	(82,284)	18,180	(150,130)	21,669	453,660	22,392	5,057,363	2,242,390	
Amount received/(transferred)	(26,428)	-	-	331,244	-	522,507	-	-	-	827,323	8,894,096	
Profit on project bank account	-	-	-	-	-	-	-	-	-	-	-	
Amount transferred to deferred income	-	-	-	-	-	-	-	-	-	-	-	
	4,541,170	115,984	90,294	248,960	18,180	372,377	21,669	453,660	22,392	5,884,686	11,136,486	
Less: Disbursements for												
Water and infrastructure	99,590	-	-	-	2,508	72,841	-	-	-	174,939	1,242,923	
Social sector development	165,106	-	-	-	-	34,200	-	-	-	199,306	757,749	
Capacity/Institutional building	17,976	-	-	256,966	3,190	7,407	-	-	-	285,542	733,403	
Social mobilization	337,675	-	-	-	-	-	-	-	-	337,675	498,903	
Livelihood enhancement and protection	568,186	-	-	-	-	49,468	-	-	-	617,654	1,427,441	
Flood relief activities	-	-	-	-	-	-	-	-	-	-	-	
Waseel-e-Haq Program	-	-	-	-	-	-	-	298,061	-	298,061	1,312,838	
Micro credit access	1,997	-	-	-	-	-	-	-	-	1,997	98,536	
Projects	-	-	-	-	-	-	-	-	4,417	4,417	7,330	
12.1	1,190,530	-	-	256,966	5,698	163,916	-	298,061	4,417	1,919,591	6,079,123	
12.2	3,350,640	115,984	90,294	(8,006)	12,482	208,461	21,669	155,599	17,975	3,965,095	5,057,363	

12.2 Deferred liabilities grant fund represents amounts payable to POs/(receivable from donors) on non-reimbursable basis under respective financing agreements.



							Un-audited	Audited
	IDA III	IFAD PRISM	KfW Renewable Energy	KfW Livelihood	BISP	Other Funds	September 30, 2013	June 30, 2013
12.1 Disbursement to:	(Rupees '000')							
Awami Development Organization	5,179	-	-	-	-	-	5,179	98,701
Agahe	-	250	-	-	-	-	250	42,395
Aga Khan Education Support Programme	645	-	-	-	-	-	645	4,961
Aga Khan Health Support Programme	-	-	-	-	-	-	-	2,985
AKPBS-Water and Sanitation Extension Programme	31,944	-	-	-	-	-	31,944	35,311
Aga Khan Rural Support Programme	27,681	-	5,698	-	-	-	33,379	66,633
AL Mehran Rural Development and Welfare Organization	-	-	-	-	-	-	-	25,000
ASA Pakistan Ltd.	-	-	-	-	-	-	-	10,287
Awaz Foundation Pakistan - Centre for Development Services	-	-	-	-	-	-	-	10,249
AZAT Foundation	-	-	-	-	-	-	-	6,649
AHO	-	-	-	-	-	-	-	7,314
Baanhn Beli	30,493	-	-	-	-	-	30,493	37,623
Baidarie	-	2,057	-	-	-	-	2,057	20,507
Badbaan Enterprise Development Forum	-	2,002	-	-	-	-	2,002	4,926
Balochistan Environmental and Educational Journey	-	-	-	-	-	-	-	19,470
Bunyad Literacy Community Council	25,936	-	-	-	-	-	25,936	15,538
Balochistan Rural Development Society	477	-	-	-	-	-	477	2,537
BRAC - Pakistan	-	-	-	-	-	-	-	59,840
Balochistan Rural Development & Research Society	2,258	-	-	-	-	-	2,258	28,423
Badin Rural Development Society	28,678	-	-	-	-	-	28,678	27,841
Balochistan Rural Support Programme	31,120	-	-	-	-	-	31,120	253,316
Community Development Concern	952	-	-	-	-	-	952	-
Chenab Development Foundation	10,601	-	-	-	-	-	10,601	42,896
Change in Education	-	-	-	12,626	-	-	12,626	33,096
Community Mobilisation and Development Organization	352	-	-	-	-	-	352	83,095
Community Support Concern	-	-	-	-	-	-	-	113,680
Community Support Foundation	-	-	-	-	-	-	-	8,748
Community Uplift Programme	14,181	-	-	-	-	-	14,181	91,779
Development Action for Mobilization and Emancipation	-	32,000	-	-	-	-	32,000	76,960
DEVCON An Association for Rural Development	-	-	-	-	-	-	-	3,346
Development in Literacy	1,505	-	-	-	-	-	1,505	5,619
Dia Welfare Organization	-	16,800	-	-	-	-	16,800	-
Environment Protection Society	2,203	-	-	-	-	-	2,203	67,066
Farmers Development Organization	803	-	-	-	-	-	803	31,363
Family Educational Services Foundation	-	-	-	-	-	-	-	19,408
Farmers Friend Organization	-	1,943	-	-	-	-	1,943	38,689
Family Planning Association of Pakistan	-	-	-	-	-	-	-	3,558
Ghazi Brotha Taraqiatee Idara	-	-	-	19,183	-	-	19,183	32,214
Hazara Development and Advocacy Foundation	3,115	-	-	-	-	-	3,115	51,567
Health and Nutrition Development Society	10,026	-	-	-	-	-	10,026	59,393
Heartfile	-	-	-	-	-	-	-	14,019
Himalayan Wildlife Foundation	-	-	-	-	-	-	-	2,885
Indus Earth Trust	49,375	-	-	-	-	-	49,375	25,227
Indus Resource Centre	35,756	-	-	-	-	-	35,756	68,077
Idara Taleem O Agahi	-	-	-	-	-	-	-	2,810
Jinnah Welfare Society	-	2,000	-	-	-	-	2,000	100,000
Karwan Community Development Organization	-	-	-	-	-	-	-	4,958
Kashf Foundation	-	1,002	-	-	-	-	1,002	15,878
Khwendo Kor Women and Children Development Programme	-	-	-	-	-	-	-	10,445
Lead Foundation	-	-	-	-	-	-	-	13,638
Marafie Foundation	-	-	-	-	-	-	-	12,407
Mehran Education Society	-	-	-	-	-	-	-	800
Mountain and Glacier Protection Organization	-	-	-	16,560	-	-	16,560	59,000
Mountain Institute of Educational Development	9,549	-	-	7,233	-	-	16,782	62,056
Mojaz Foundation	69,522	1,600	-	-	-	-	71,122	52,893
Marvi Rural Development Organization	-	-	-	-	-	-	-	37,427
Narowal Rural Development Programme	-	1,000	-	-	-	-	1,000	25,000
National Rural Support Programme	429,184	-	-	-	-	-	429,184	628,717
Organization for Participatory Development	-	1,700	-	-	-	-	1,700	17,800
Poverty Eradication Initiative	8,992	-	-	-	-	-	8,992	38,411
Pakistan Foundation Fighting for Blindness	-	-	-	-	-	-	-	9,322
Balances carried forward	830,527	62,354	5,698	55,602	-	-	954,181	2,744,753

							Un-audited	Audited
	IDA III	IFAD PRISM	KfW Renewable Energy	KfW Livelihood	BISP	Other Funds	September 30, 2013	June 30, 2013
12.1 Disbursement to:	(Rupees '000')							
Balances brought forward	830,527	62,354	5,698	55,602	-	-	954,181	2,744,753
Participatory Integrated Development Society	44,291	-	-	-	-	-	44,291	60,084
Pakistan Microfinance Network	-	60,000	-	-	-	-	60,000	71,018
Punjab Rural Support Programme	-	-	-	-	-	-	-	41,830
Research Advocacy & Health Strengthening Alliance (Guarantee) Limited	(1,836)	-	-	-	-	-	(1,836)	8,866
Rural Community Development Society	-	53,482	-	-	-	-	53,482	46,645
Rural Development Project	-	-	-	8,995	-	-	8,995	8,779
Social Action Bureau for Assistance in Welfare and Organisation Network	2,676	-	-	25,442	-	-	28,118	116,745
Sindh Agricultural & Forestry Workers Coordinating Organization	31,114	-	-	-	-	-	31,114	270,362
Salik Development Foundation	-	-	-	17,455	-	-	17,455	87,477
South Asia Partnership Pakistan	13,669	-	-	-	-	-	13,669	108,517
Sarhad Rural Support Programme	67,959	-	-	40,950	-	-	108,909	427,048
Sayya Foundation	-	-	-	-	-	-	-	1,282
Society for Conservation and Protection of Environment	4,452	-	-	-	-	-	4,452	3,303
Society for Community Support for Primary Education Balochistan	6,046	-	-	-	-	-	6,046	20,850
Sustainable Development, Education, Rural Infrastructure, Veterinary Care & Environment	4,515	-	-	-	-	-	4,515	50,776
Society for Human Empowerment and Rural Development	-	-	-	-	-	-	-	820
Sindh Rural Support Programme	7,227	-	-	-	-	-	7,227	32,665
SOS Children's Village	-	-	-	-	-	-	-	2,390
Strengthening Participatory Organization	12,728	-	-	-	-	-	12,728	28,667
Shadab Rural Development Organization	-	-	-	-	-	-	-	1,655
Sindh Rural Support Organization	3,703	-	-	-	-	4,417	8,120	99,831
Shah Sachal Sami Welfare Association	-	800	-	-	-	-	800	-
Sungi Development Foundation	30,244	-	-	-	-	-	30,244	55,559
Sustainable Use Specialist Group - Central Asia	10,456	-	-	-	-	-	10,456	-
Soon Valley Development Programme	755	640	-	-	-	-	1,395	35,534
Support With Working Solutions	3,599	537	-	-	-	-	4,136	113,448
SEHER	-	-	-	-	-	-	-	4,373
SPADO	-	-	-	3,564	-	-	3,564	10,289
Taraqee Foundation	28,515	-	-	-	-	-	28,515	25,026
Thardeep Rural Development Programme	81,779	3,374	-	-	-	-	85,153	270,879
Tehreek	757	-	-	-	-	-	757	4,956
Villagers Development Organization	1,242	15,000	-	-	-	-	16,242	5,674
Women Social Organisation	-	-	-	-	-	-	-	1,952
WESS	597	-	-	-	-	-	597	4,880
CGNP	-	-	-	9,517	-	-	9,517	3,656
MDF (Mamoona)	-	-	-	-	-	-	-	873
LFA	-	-	-	-	-	-	-	5,652
SAFCO	-	54,000	-	-	-	-	54,000	-
KADO	-	-	-	2,395	-	-	2,395	-
Payment to beneficiaries	-	-	-	-	-	-	-	613,025
Direct expenses on project activities	5,513	6,780	-	-	298,061	-	310,354	688,984
	<u>1,190,528</u>	<u>256,967</u>	<u>5,698</u>	<u>163,920</u>	<u>298,061</u>	<u>4,417</u>	<u>1,919,591</u>	<u>6,079,123</u>

	September 30, 2013	September 30, 2012
	(Rupees in '000)	
<b>13. INCOME ON INVESTMENTS AND SAVING ACCOUNTS</b>		
Profit on investments-		
Specific to Endowment Fund	26,285	32,473
Specific to projects	79,438	43,213
Specific to grant fund	118,574	104,271
Specific to others and saving accounts	104,591	196,689
	<u>328,888</u>	<u>376,646</u>
<b>14. GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and other benefits	84,393	73,723
Rent, rates and taxes	7,260	6,600
Repairs and maintenance	1,210	1,445
Traveling, lodging and conveyance	13,824	8,487
Communication	497	836
Printing and stationery	817	1,607
Insurance	1,486	2,476
Vehicles running and maintenance	4,272	4,184
Utilities	1,083	977
Legal and professional charges	312	581
Advertisement	138	207
Marketing and communication	113	601
Newspapers, books and periodicals	209	277
Depreciation	7,990	8,189
Amortization	901	1,721
Security services	574	410
Others	915	1,009
	<u>125,994</u>	<u>113,330</u>
<b>15. SEMINARS, WORKSHOPS AND TRAININGS</b>		
Training	1,672	742
Seminar and workshops	2,766	389
	<u>4,438</u>	<u>1,131</u>
<b>16. TECHNICAL AND OTHER STUDIES</b>		
General	18,823	19,381
	<u>18,823</u>	<u>19,381</u>
<b>17. FINANCIAL CHARGES</b>		
On long term loans	28,501	32,455
Imputed interest on below market rate long term loan	14,787	18,753
Bank charges	64	140
	<u>43,352</u>	<u>51,348</u>
<b>18. PROJECT AND RELIEF ACTIVITIES</b>		
Flood relief	188,800	-
Project and other activities	7,523	2,156
	<u>196,323</u>	<u>2,156</u>
<b>19. TRANSFER FROM ACCUMULATED SURPLUS TO RESERVE FOR GRANT BASED ACTIVITIES</b>		
Income earned during the period on grant fund investments	118,574	104,271
Less: expenditure on project and relief activities		
Flood relief	196,323	2,156
	<u>(77,749)</u>	<u>102,115</u>
<b>20. COMPARATIVE FIGURES</b>		

Comparative figures have been rearranged and reclassified, wherever necessary, for better presentation.

Chairman

Chief Executive Officer