ORAGNIZATION FOR POVERTY REDUCTION & COMMUNITY TRAINING

AUDITORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR FROM JULY 01, 2018

TO JUNE 30, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM

(Company Limited by Guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM (Limited by Guarantee)** (the Company), which comprise the statement of financial position as at **June 30 2019**, statement of income or expenditure, the statement of cash flows and the statement of changes in funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit. In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, Statement of income or expenditure, the statement of cash flows, and the statement of changes in funds together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (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 2019** and the surplus, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(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.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubts 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, statement income or expenditure, 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) Investment made, expenditure incurred and guarantees extended were for the purpose of the Company's business; and

d) No zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

As more fully described in note (1.3), comparative period financial statements for the year 2018 included assets and liabilities recorded in the previous period on the basis of audited financial statements of Orangi Charitable Trust (OCT) for the half period ended as on December 31, 2017, in accordance with, direction from Security and Exchange Commission of Pakistan (SECP) those balances have been transferred into the company as of January 1, 2018;

The engagement partner on the audit resulting in this independent auditor's report is Mr. Idrees Dawson (FCA).

H. A. M. D. & Co.

H.A.M.D. & Co. Chartered Accountants KARACHI

Chartered Accountants
Karachi
Date: 09 OCT 2019

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF NET ASSETS
AS AT June 30, 2019

	Notes	June 30, 2019	June 30, 2018
		----------Rupees----------	
ASSETS			
Current Assets			
Cash and Bank Balances	6	39,790,807	50,720,371
Microcredit Loans			
Microcredit Interest Bearing Loans(Net)	7	367,194,186	360,926,977
Microcredit Interest Free Loans(Net)	8	16,012,846	9,346,985
		383,207,032	**370,273,962**
Short Term Investments	10	93,588,336	90,667,686
Other Advances, Deposits & Receivables	11	15,214,351	16,022,328
Accrued Markup On Loans		8,714,440	8,902,894
		117,517,127	**115,592,908**
Total Current Assets		**540,514,966**	**536,587,241**
Non Current Assets			
Long Term Investments	12	46,889,430	42,542,932
Property, Plant & Equipment	13	5,934,363	7,426,243
Intangible Fixed Assets	14	1,203,258	360,282
Long Term Deposits		502,500	502,500
		54,529,551	**50,831,958**
TOTAL ASSETS		**595,044,516**	**587,419,199**
LIABILITIES			
Current Liabilities			
Short Term borrowings from banks- (secured)	15	114,259,038	107,470,201
Current Maturity on Long term Loan from PPAF		14,000,000	
		128,259,038	107,470,201
Other loans and advances	16	100,152,373	102,775,624
		228,411,411	**210,245,825**
Accrued Interest on borrowing	17	15,956,072	49,756,631
Accrued Expenses	18	4,178,365	1,459,526
		20,134,437	**51,216,157**
		248,545,848	**261,461,982**
Non-Current Liabilities			
Long term borrowing from PPAF- (secured)	19	92,000,000	120,042,709
Accrued Markup On PPAF Loan		45,386,050	
		137,386,050	**120,042,709**
TOTAL LIABILITIES		**385,931,898**	**381,504,691**
NET ASSETS		**209,112,618**	**205,914,508**

REPRESENTED BY

	Notes	June 30, 2019	June 30, 2018
Capital Structure And Equity Funds			
Equity Funds	20	136,868,584	136,868,584
Revolving, Unrestricted And Restricted Funds	21	55,506,414	61,579,056
General Reserve For Loan Loss	22	3,594,043	2,069,043
		195,969,041	**200,516,683**
Accumulated surplus / (deficit)		**13,143,577**	**5,397,825**
TOTAL CAPITAL		**209,112,618**	**205,914,508**

The annexed note from 1 to 34 form an integral part of these financial statements.

H.A.M.D.Lo

CHIEF EXECUTIE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED June 30, 2019

	Notes	June 30 2019	*Since Incorporation January 2018 June 30 2018
		---- Rupees ----	
INCOME			
Markup/ return / interest earned	23	113,997,586	55,238,435
Markup/ return / interest expensed	24	(42,088,697)	(22,722,440)
Net Markup/ return / interest earned		71,908,889	32,515,995
OTHER OPERATING INCOME			
Investment Income	25	9,801,085	5,591,169
Fee And Processing Charges	26	13,757,132	5,804,074
Other Income		1,853,226	276,431
		25,411,443	11,671,674
TOTAL INCOME		97,320,332	44,187,669
Operating Expenses			
General And Admin Expenses	27	(75,494,616)	(29,308,186)
Provision for loan	28	(13,159,301)	(6,544,927)
		(88,653,917)	(35,853,113)
(Deficit) / Income From Operations		8,666,415	8,334,556
Other Projects			
Program Expenses	29	(920,665)	(2,936,731)
Surplus Before Tax		7,745,750	5,397,825
Taxation	30	-	-
Surplus After Tax		7,745,750	5,397,825

The annexed note from 1 to 34 form an integral part of these financial statements.

H.A.M.D. [illegible]

CHIEF EXECUTIE **DIRECTOR** **CHIEF FINANCIAL OFFICER**

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	-----------Rupees-----------	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Surplus For The Period	**7,745,750**	**5,397,825**
Add/(Less) Items Involving No Cash Movements		
Depreciation	1,303,028	701,159
Amortization	592,649	71,194
Loss on impairment of Fixed Assets	1,174,091	-
Provision against Provident Fund	2,700,711	
Provision For Non Performing Loans	13,159,301	6,544,927
Bad Debts written off from General Reserve	-	(2,000,000)
Non Performing Loans Write Off Through Provision	(9,638,662)	(9,898,944)
Adjustment in revolving fund	6,072,639	
Amortization Of Investment Income (Long Term)	4,281,337	3,499,236
Amortization Of Investment Income (Short Term)	3,411,336	2,741,326
Finance Cost	42,088,697	22,722,440
	65,145,128	**24,381,337**
Surplus Before Working Capital Changes	**72,890,878**	**29,779,162**
(Increase)/Decrease In Current Assets		
Advances And Other Receivables	807,978	(16,022,328)
Microcredit Interest Bearing Loans	(6,267,209)	(360,926,977)
Microcredit Interest Free Loans	(6,665,861)	(9,346,985)
Accrued Markup On Loan	(8,714,440)	(8,902,894)
	(20,839,533)	**(395,199,184)**
Increase / (Decrease) In Current Liabilities		
Loans And Advances	(2,623,251)	102,775,624
Accrued Interest on borrowings	11,585,491	49,756,631
Accrued Markup	(1,469,495)	1,459,526
	7,492,745	**153,991,781**
Cash Generated From Operation	**59,544,090**	**(211,428,241)**
Finance Cost Paid	(30,503,206)	**(18,351,879)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**29,040,884**	**(229,780,120)**
CASH FLOW FROM INVESTING ACTIVITIES		
Long Term Investment	5,454,587	(42,542,932)
Short Term Investment Made	(2,920,650)	(90,667,686)
Addition To tangible Fixed Assets	(1,010,214)	(7,426,243)
Addition To intangible Fixed Assets	(1,435,625)	(360,282)
Long Term Deposits	-	(502,500)
NET CASH USED IN INVESTING ACTIVITIES	**88,098**	**(141,499,644)**
CASH FLOW FROM FINANCING ACTIVITIES		
Equity Funds subscribe	-	500,000
Equity and other funds transferred in from OCT	-	200,016,683
Long term borrowing from PPAF- Transferred (out)/In	(10,042,709)	120,042,709
Short Term borrowings from banks- (secured)	(93,555,004)	107,470,201
NET CASH USED IN FINANCING ACTIVITIES	**(103,597,713)**	**428,029,593**
Net Increase In Cash & Cash Equivalent From All Activities	**(74,468,731)**	**56,749,830**
Cash & Cash Equivalent At The End Of The Period	**(74,468,731)**	**56,749,830**
Cash & Cash Equivalent Is Represented By:		
Cash And Bank Balances	39,790,807	**50,720,371**
Bank Borrowings	(114,259,038)	**(107,470,201)**
	(74,468,231)	**(56,749,830)**

The annexed note from 1 to 34 form an integral part of these financial statements.

H.A.M.D. Les

CHIEF EXECUTIE | DIRECTOR | CHIEF FINANCIAL OFFICER

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED June 30, 2019

	EQUITY FUND	Revolving, Unrestricted And Restricted Funds	GENERAL RESERVE FOR LOAN LOSS	TOTAL
		RUPEES		
Balance As At Jan 01, 2018	-	-	-	-
Transferred in the period From Orangi Charitable Trust on Jan 1,2018	136,868,584	61,579,056	4,512,993	202,960,633
Net Surplus For The Period	5,397,825		(2,000,000)	3,397,825
Provision against Interest Free Loans			(443,950)	(443,950)
Balance As At June 30, 2018	142,266,409	61,579,056	2,069,043	205,914,508
Balance As At July 01, 2018	142,266,409	61,579,056	2,069,043	205,914,508
Net Surplus For The Period	7,745,750			7,745,750
Operating Cost Adjustment PMIFL		(6,072,639)		(6,072,639)
Operational Cost against Loan Losses			1,525,000	1,525,000
Balance As At June 30, 2019	150,012,159	55,506,417	3,594,043	209,112,618

The annexed note from 1 to 34 form an integral part of these financial statements. H.A.M.D. [illegible]

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED June 30, 2019

1. STATUS AND ACTIVITIES

1.1 The Organization For Poverty Reduction and Community Training Program (hereinafter referred to as The Company or OPRCT), was incorporated on August 9, 2017, under section 42 of the repealed Companies Ordinance, 1984 (now companies act 2017) as a guarantee limited company. The company is "Not for Profit Organization" (NPO). The company was granted license to carry out investment finance services as "(Non-Banking Finance Company" (NBFC) by the Securities and Exchange Commission Of Pakistan (SECP) vide License No. SC/NBFCs/156/OPRCTP/2017 dated October 31, 2017 under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The registered office of the company is situated at ST-4, Sector 5-A, Qasba Township, Mangopir Road, Karachi.

The company operates its activities through 13 branches in the province of Sindh and it also made arrangements with 19 partner organizations (P.Os) operating elsewhere in other cities of province of Sindh and Punjab..

1.2 The company mission is to enhance the scale, quality, diversity and sustainability of Microfinance Institutions (MFIs) in Pakistan and to endeavor to pursue the following objectives;

a) Social and economic upliftment and empowerment of marginalized communities/ institutions, particularly in rural areas and urban slums to enable the communities to enhance their capacity building for income generation in order to eradicate their problems sustainable social.

b) To reduce poverty in Pakistan by carrying on self-income generation activities to large number of poor people (living below poverty line) in rural and urban areas and to help them, and their families and to rise out of poverty by direct interaction or through local institutions;

c) Promote Integrated self-reliant and long term development of the communities for enhancement of small businesses, infrastructure development, social safety net, social development (health' and education), support to community saving groups, training and skill development programs of poverty alleviation.

d) Enhancing cause of women development by initiating programs for income generation, awareness of their legal and basic rights; and

e) Training human resources for overseeing developmentprojects and programs.

1.3

The company in accordance with the directions issued by the SECP (vide their order no CLD/CCD/Co.42/25/2016 Date 26th May 2017) have transferred all assets and liabilities of the Orangi Charitable Trust as of Dec 31,2017. Comparitive financial statements have been derived and included from the assets and liabilities of Orangi Charitable Trust as of Dec 31, 2017. Therefore comparitive period financial statements including income & expenditure accounts represents six months activities from Jan 1st 2018 to June 30th 2018.

2 SIGNIFICANT TRANSACTIONS/EVENTS AFFECTING FINANCIAL STATEMENTS
During the year following transactions were incurred that were significant:

- The company disbursed micro-finance interest/Non-interest bearing loans in the year aggregating Rs. 720.552 million Compared to Rs. 323.509 million In previous six months period. Out of total disbursements in the year Rs. 215.975 million represents disbursement to partner organisation (POs) while remaining amount Rs.504.77 million disbursed through 12 branches of the company (2018 : Rs.127.00 million & Rs. 196.51 million) POs & branches respectively.

Loans disbursed in current & previous period shows a recovery as under :
a) Recoveries through Interest Bearing/Non Interest Bearing POs Rs. 241.76 million (2018: Rs. 135.703 million)
b) Recoveries through branches Rs. 452.697million (2018 : Rs.205.305)

Company earned markup/return/interest in the year aggregating Rs. 113.997 million compared to Rs. 55.238 million in the last six months period of 2018. While markup/return/interest expensed on borrowings form banks, PPAF, & related parties was Rs 42.089 million in the year compared Rs. 22 million in the last six months period of 2018. '- The total Net Income earned during the period amounting to Rs 71,908,009/- whereas in 2018 the income earned was Rs. 32,551,119/-

- The Company Complied to prudential regulation. Accordingly the required provison made of its non-performing portfolio was Rs.16,443,562/-in the year (2018: 12,963,922).

- During the Year the organization acquired Software Oracle 11g for an amount of Rs.1,435,625/- and fixed assets amounting to Rs.1,010,214/- and loss on impairment of fixed assets recognised at Charged for the year amounting to Rs.1,174,091/-

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), Accounting Standard for Not For Profit Organizations (NPOs) and International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act,2017 and

- the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation),

- the Non Banking Finance Companies (Establishment and Regulations) Rules 2003,

- provisions of and directives issued under the Companies Act 2017.

Where Provisions of and directives issued under the companies Act, 2017 , the NBFC rules , differ from IFRSs. The NBFC regulations and the requirements of the Companies Act 2017 have been followed.

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

3.2 Basis of measurement / presentation

3.2.1 Basis of measurement

The financial statements have been prepared on the accrual basis of accounting and historical cost convention in accordance with the accounting principles generally followed in preparation of accounts of not for profit and non governmental organizations.

3.2.2 New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the year ended June 30, 2019

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective July 1, 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

Effective from July 01, 2018 the Organization has adopted IFRS 9, " Financial Instruments" which has replaced IAS 39 ; " Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement, and derecognition of financial assets and financial liabilities. The Standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on "Expected Credit Loss"(ECL) approach rather than "Incurred credit Loss" approach as previously given under IAS 39.

The Securities and Exchange Commission of Pakistan vide its notification dated 14 February 2019 modified the effective date for implementation of IFRS 9 as 'reporting period/ year ending on or after 30 June 2019 (earlier application is permitted)'.

IFRS 9 has provided a mechanism for calculation of expected Credit Loss Model on Financial Assets based on expected Cash Flows for the future period. After thorough evaluation of the Portfolio at Risk and Complying the Regulatory requirements of the prudential regulations specified in the Specified Entities Regulations, 2008 in order to record the Provision on the outstanding Portfolio and the Assessment of the portfolio as per IFRS 9 regulations to record the expected credit loss we have assessed that the average rate as per prudential regulation is about 3.75% amounting to Rs.15,579,813 (Comprising maintained Specific provision of 13,664,209 and general provision amounting to 1,915,615 as of June 30, 2019) and the amount charged in Profit and loss amounting to Rs.13,159,301/- (2018: Rs. 6,544,927) which is higher than the Average Credit loss Rate which Comprised on Forward Looking Rate for Pakistan Economic Rate Calculation, Loss Given Default (LGD), Probability of Default (PD), and EAD to calculate ECL Provision which resulted in an Expected Credit Loss average rate of 1.56% of the Expected Allowance of Default (EAD) amounting to 6,246,064/-) based on the Ageing analysis of the Portfolio at risk for 18 months since incorporation.

The Adoption of IFRS 9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards , amendments to standards or interpretations that are effective for annual accounting periods beginning on July 01, 2018 that have a material effect on these financial statements of the Organization.

3.2.3 Standards, Ammendments and Interpretations to published accounting and reporting standards that are not yet effective:

The Following ammendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (Accounting period beginning on or after)
- IFRS - ' Financial Instruments" (amendment)	01 July, 2019
- IFRS 16 - Lease	01 July, 2019
- IFRS 17 - Insurance Contract	01 July, 2021
- IAS 1 - ' Presentation Financial Statements" (amendment)	01 July, 2019
- IAS 8 - ' Accounting Policies Changes in accounting estimates and errors" (amendment)	01 July, 2019
- IFRIC 23 "Uncertainty over Income Tax Treatments"	
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	

These amendments may impact the financial statements of the organization on adoption. The management is currently assessing the full impact of the financial statements of the organization.

There are cetain other standards, amendments and interpretations that are mendatory for the organization accounting period beginning on or after July 01, 2019 but are considered not to be relevant or will not have any significant effect on the organization's operation and are therefore not disclosed in these financial statements.

Annual Improvements

IFRS 5 - Non Current Assets Held for Sale and Discontinued Operation - Changes in method of disposal.

IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts.

IFRS 7 - Financial Instruments: Disclosures - Applicability of off-setting disclosure to condensed interim financial statements.

IFRS 19 - Employee Benefits - Discount rate: Regional market issue.

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB (International Accounting Standards Board). Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Company expect that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

3.3 Basis of presentation

The financial statements include the activities of micro finance sector, capacity building sector in partnership with Pakistan Poverty Alleviation Fund (PPAF), and microfinance activities undertaken by OPRCT with its own funds.

The statement of financial activities set forth separately the income and expenses of micro finance and capacity building sector thereby giving recognition to their separate responsibilities as described in the agreements with PPAF.

3.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to nearest Rupees.

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenditures. The estimates and associated assumption are based on historical experience and various other factors the tare believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to accounting estimates are recognized in the period in which the estimates is revised in and in any future periods effective actual result may differ from these estimates.

The areas involving a higher degree of judgment or complexities, or areas where assumptions and estimates are significant to the financial statements are provision for doubtful accounts of micro credit loans, useful life and impairment of tangible and intangible assets.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same, as those applied in the preparation of financial statements of the Company for the year ended June 30, 2017 and are enumerated as follows:

4.1 Fixed Assets and Depreciation

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to revenue by reducing balance method. Depreciation is charged on prorate basis at the rates specified in note 10 to the financial statements so as to write off the cost over the estimated useful life of each asset. PPAF assets are recorded separately than OPRCT. OPRCT maintain fixed assets register incorporating each and every item of assets.

The Company's management reviews the rates of depreciation / estimated useful lives used in the calculation of depreciation charge for its property, plant and equipment and the value of the assets for possible impairment at each financial year end.

Normal repair and maintenance is recognized in the statement of financial activities as incurred. Gains and losses on disposal / retirement is recognized in income or expense in the period of disposal / retirement.

4.2 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged to income applying reducing balance method.

4.3 Financial Instrument

The company classifies its financial assets at initial recognition in the following categories depending on the nature and purpose for which the financial assets were acquired.

a) At fair value through profit or loss

Financial asset at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial assets is classified as held for trading if acquired principally for the purpose of selling in short term. Assets in this category are classified as current assets.

b) Available for sale - Investment

Available for sale investment is initially recorded at cost and subsequently premeasured at fair value at each reporting date. Changes in fair value are taken to other comprehensive income. When investment classified as Available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss account. Dividends on available for sale investment is recognized in statement of financial activities as part of "operating income" when the trust's right to receive payment is established.

The company assesses at each balance sheet date whether there is objective evidence that an available for sale investment is impaired. For such investment, a significant prolonged decline in the fair value of the investment below the carrying value is considered as indicator that the investment is impaired. If any such evidence exists, the cumulative loss is transferred from other comprehensive income to statement of financial activities. Impairment losses previously recognized in statement of financial activities on available for sale investment is not reversed through profit and loss account.

c) Held to Maturity - Investment

Held to maturity are financial investment with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. These assets are initially recognized at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

4.4 Cash and Cash Equivalent

Cash and cash equivalents, for the purpose of statement of cash flows, comprise of cash on hand, cash at bank and highly liquid investment, if any, having original maturity of three months or less.

4.5 Loans, Advances, Other receivables

4.5.1 These are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date which are classified as non-current assets.

4.5.2 Loans and receivables comprise of microcredit loans, advances, deposits, other receivables and cash and cash equivalents which have initially been recorded at fair values.

4.6.1 Micro-credit loans and provisioning

Advances are stated net of provision against micro finance portfolio. Provision for advances is determined in accordance with the requirement of the Non Banking nking Finance Companies Rules 2003 and non Banking Finance Companies and Notifired Entities Regulations, 2008 issued from time to time.

4.6.2 Provisioning

a Specific

Management continuously monitors loan performances and recoveries and made a specific provision whenever less likely recoveries and loss cases identified as per the requirements of Non Banking Financial Companies and Notified entities Regulations, 2008 issued by the SECP.

Specific Provision Time Based Criteria		
Category	**Description**	**Provision Percentage of outstanding Balance**
Other Assets Especially Mentioned (OAEM)	1 day - 60 Days overdue	0%
Sub-standard	61 Days - 90 Days	25%
Doubtful	91 Days - 180 Days	50%
Loss	Above 181 Days	100%

b General

In addition to the specific provision for bad and doubtful micro credit loans and advances, if any, a general provision is made equivalent to 0.5% of the net outstanding microfinance portfolio (finance net of specific provision) at the period end date. as per the requirement of Non Banking Financial Companies and Notified entities Regulations, 2008.

4.6.2.1 Expected Credit Loss Provisioning As per IFRS 9 on Financial Instruments

There are two appraches to Impairment of Financial Assets

a) 3 Stage Approach

The 3Stage Apprachrecognise loss allowance over 12 Months Expected Credit Loss and and Life time Expected Credit Loss

Dual Measurement Approach:
This Model measures Two Approaches for measurement of Expected Credit Losses:

i) 12 Months Expected Credit Loss (12 Months Expected Credit Losses)
Cash Shortfalls that will result if a default occurs within 12 Months (or shorter period if the expected life is less than 12 Months), wieghted by Probability.

ii) Life time Exoected Credit Loss

Cash Shortfalls that will result if a default events occuring over the expected Life (residual maturity) of financial instrument, wieghted by Probability.

Factors to Consider:
1) An unbiased and probability weighted amount;
2) The time Value of Money
3) Reasonable and supportable information that is available without undue cost or effort.

b) Simplified Approach
This approach does not contain stages and calculated ECL over the life time Cash Flows and can be used over Contract assets having insignificant financing Component, and lease recevable (If Chosen method is life time ECL)

EXPECTED CREDIT LOSS PRESENTATION

An Entity shall recognise in P& L as an impairment loss or gain, the amount of acpected credit losses (or reversal) that is required to adjust the loss
An entry should should recognise ECL in the Statement of Financial Position as :
- A loss allowance for Financial Assets measured at amortised cost;
- Provision (that is , a liability) for loan Cmmitments and Financial Guarantee Contracts;
- the loss allowance shall be recognised in Other Comprehensive Income (OCI) and shall not reduce the Carrying amount of the Financial Asset in the Statement of Net Assets / Balance Sheet.
- Lease receivables
- Contract Assets

EXPECTED CREDIT LOSS CALCULATION

Credit Loss refers to the loss suffered by the Lender when the Borrower fails to make required Payments. A Credit Loss is the difference between the Cash Flows that are due to an entity in accordance with the Contract and the Cash flows that the entity expects to receive discounted at the origional effective interest rate.

Expected Credit Loss is the Probability Weighted Average estimate of the Credit Loss Over the Life of a Financial Instrument.

CLASSIFICATION OF CREDIT LOSS
A Credit Loss can be Classified Into:
A) A Charge Off or Contractual Loss

Charge off is the accounting term which is the declaration by the lender that the amount of the debt is unlikely to be collected. It is standardised by the regulators as 180 days Past Due.

B) Banckruptcy Loss

If the Borrower declares Banckruptcy, lender losses the right to collect debt from the borrower. The Lender realises the Debt as Loss.

GROSS CREDIT LOSS
Gross Credit Loss is the Sum of Gross Contractual Loss and Bankruptcy Loss.

FACTORS AFFECTING CREDIT LOSS

Factors Affecting the Change in the Risk of Default Occuring includes Operating Results, Credit Spread (Credit default swap), Credit Rating (Internal or External),Rates or terms(Eg: Covenants , Collateral,) Credit Risk Management Approach, Payment Status and Behaviour, Collateral, guarantee or financial Support, if this impacts the risk of a default occuring, Regulatory Economic and technological Enviroment, and Business financial and economic Condition.

Low Credit Risk

As an Exception from the general requirements, an entity may assume that the criterion for recognising alifetime expected credit Loss is not met if the Credit Risk on the Financial Instrumentis Low at the Reporting Date.

Credit Risk is Low if:
a) the instrument has a low risk of Default
b) the Borrower has a stron Capacity to meet its Contractual cash Flow Obligations in near term and:
c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the Borrower's ability to fulfill its obligations.

A Financial Instrument is not considered to have a low Credit Risk Simply because:

a) the value of collateral results in a low risk of loss - this is because collateral usually affetctsthe magnitude of the loss when default occurs, rather than the risk of Default. Or,

It has a low risk of Default tham the entity's other financial instruments or relative to credit risk of the jurisdictions in which entity operates. Standard states for Financial Instrument that are equivalent to "investment grade" quality, an entity would continue to recognize 12 month ECL. An Entity can assume that a financial instrument has not significantly increase in credit risk if it has low credit risk at the reporting date.Low Credit Risk notion is not a bright-line trigger and financial instrument are not required to externally rated

MORE THAN 30 DAYS PAST DUE

Rebuttable Presumption that there is a significant increase in Credit Risk when contractual payments are more than 30 Days Past Due.

More Than 30 Days Past Due rebuttable Presumption is intended to serve as backup and should identify significant increae in Credit Risk before Default or Objective Evidence for Impairment. The Entity can rebutt this presumption. However it can do so only when it has a reasonable and supportable information available that demonstrate that even if Contractual payments beome more wthan 30 Days Past Due , This does not represent a significant increase in Credit Risk of a Financial Instrument.

Default Parameters at Provision Matrix

Probability of Default (PD)
PD is the Likelihood of a default contractual Bankruptcy over particular time Horizon.

Exposue at Default (EAD)

Estimate of Exposure the Lender has at the time of Borrowers' default is sometimes outstading balance at the time of Default.

Loss given Default (LGD)

- % of Exposure at the time of Default that is eventually lost by the lender.
LGD is usually defined as the percentage loss rate suffered by a lender on a credit exposure if the obligor defaults. In other words, even if the counter party defaults (fails to repay the amount owed), the lender will usually succeed in recovering some percentage of the current amount owed in the process of work out or sale of the obligor's assets. This percentage is termed the recovery rate (RR).

Gross Credit Loss (GCL)
GCL is the product of PD and EAD

Net Credit Loss (NCL)
Net Credit Loss is the Product of EAD and LGD

Forward Rate Factoring
IFRS 9 requires a forward-looking macroeconomic adjustment, applied to the historical loss rate. To incorporate this element, multiple regression

	Public Debt	Real GDP	
2018 numbers	22,820	22,141	
Actual (2019)	28,607	27,756	
Shift in Domestic Debt (Decrease)/Increase			125%

Real GDP
Real gross domestic product (GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base-year.

Public Debt

Public debt, sometimes also referred to as government debt, represents the total outstanding debt (bonds and other securities) of a country's central government. With the increase in the public debt the GDP has been increasing as indicated from the above trend. Government borrowing is direclty linked with the growth of the emerging countries, below is the context from IMF study:

"Over the past decade, the IMF noted, emerging markets have been responsible for the largest share of the increase in debt, with China leading the

When countries have insufficient resources, they may resort to internal and external borrowing to achieve certain goals (financing public expenditures, preventing inflation, etc.). Developing countries, in particular, have deficiencies in terms of possessing resources that will enable them to achieve economic growth in respect of increasing their production and income.

Pakistan is in the devoloping phase due to this the public debt taken especially from IMF and World Bank has been used for the construction of several projects and promotion of certain industry which has resulted in the increase in GDP

4.6.3 All known bad debts are written off.

4.7 Bank Borrowings

Loans and Borrowings are initially recognized at fair value of the consideration received less directly attributable transaction costs, if any.

4.8 Employees Benefit

Defined contribution plan

The company operates an contributory provident fund scheme covering all permanent employees. Equal monthly contributions are made by the Company and employees to the fund in accordance with the fund rules at the rate of 8.33% of Salary. Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these rules.

4.9 Revenue Recognition

Markup/interest/return from micro-finance loan under contract is recognized on accrual concept at time proportionate basis at effective yield rate agreed.
In this regard **Service charges** on the micro credit loans are collected with the monthly installments and accounted for as such.
Microcredit Loans Processing Fees
The fees is recognized as income in the period when received.
These are recovered from the borrowers of micro credits financed by PPAF and OPRRCT against microcredit loans disbursed directly in the period.
Income on bank deposits are recognize on accrual basis at specified rate.
Gain / Loss on sale of investment is taken to income in the period in which it arises.
Unrealized gain / losses arising on the remeasurement of securities classified as financial assets at fair value through profit or loss are included in the profit and loss account in the year in which there arise.
Guarantee income is recognized on time proportion basis.

4.10 Borrowing Cost
Borrowing costs are recognized as an expense in the period in which these are incurred using the effective interest rate method except those which are directly

4.11 Related party transactions
Related party transactions are made on terms negotiated between parties.

4.12 Taxation
Current
The income of the company is exempt from Tax under section 100 C of the income tax ordinance 2001 being income of Not for profit organization. No provision of taxation was therefore considered.
Deferred
As the income is exempt from tax, deferred tax would not arise, and therefore was not considered by the company.

4.13 Capital Structure, Equity Capital Funds

Under Rule 4 (Schedule I) of Non-Banking Finance Companies and Notified Entities Regulations 2008, NBFC carrying out microfinance activities have to comply with minimum capital requirement of Rs 50M as minimum capital. Company being Not for Profit Organization incorporated under section 42 of repealed companies ordinance (1984), was incorporated under without having a share capital. In order to make a compliance of this Regulation, alternatively the company brought forward fund balances from its previous entity (Note 1.3), and therefore, classified equity/capital into funds as under;

1: Equity Fund
2: Revolving Unrestricted and restricted fund
3: General Reserve for loan Losses.

5. FINANCIAL RISK MANAGEMENT
The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2018

	Notes	June 30, 2019	June 30, 2018
		------Rupees------	

6 CASH AND BANK BALANCES

	Notes	June 30, 2019	June 30, 2018
Cash On Hand			
Imprest Account		6,357	
		69,000	64,000
		75,357	64,000
Cash At Banks			
Current Accounts		13,790,620	8,937,584
PLS Accounts	6.1	25,924,830	41,718,787
		39,715,450	50,656,371
		39,790,807	50,720,371

6.1 This carry mark-up ranging from 3.75% to 4.25%.

7 MICROCREDIT INTEREST BEARING LOANS (UNSECURED)

	2019		
	Outstanding Loan	Provision	Net
OPRCT	62,085,271	(3,825,917)	58,259,354
PPAF Loan - Regular	252,449,829	(3,631,041)	248,818,788
Prism	68,238,899	(8,122,855)	60,116,044
Balance June 30	382,773,999	(15,579,813)	367,194,186

	2018		
	Outstanding Loan	Provision	Net
OPRCT	80,642,612	(8,393,675)	72,248,937
PPAF Loan - Regular	210,235,676	(1,636,903)	208,598,773
Prism	82,568,661	(2,489,394)	80,079,267
Balance June 30	373,446,949	(12,519,972)	360,926,977

7.1

	OPRCT Loan	
	2019	2018
Opening Balance		
Transferred-In	80,642,612	92,254,008
Disbursed During The Period	116,167,500	67,234,000
Less: Recovery During The Year	(130,149,916)	(73,270,428)
Less: Written Off Against provision	(4,574,925)	(3,574,968)
Less: Written Off Against Reserve	-	(2,000,000)
	62,085,271	80,642,612
Less: Specific Provision	(3,462,857)	(8,030,615)
Less: General Provision	(363,060)	(363,060)
Balance	58,259,354	72,248,937

7.2

	PPAF Regular	
	2019	2018
Opening Balance		
Transferred-In	210,235,676	225,344,160
Disbursed During The Period	470,630,000	187,050,000
Less: Recovery During The Year	(427,337,388)	(201,480,853)
Less: Written Off Against provision	(1,078,459)	(677,631)
Less: Written Off Against Reserve		
	252,449,829	210,235,676
Less: Specific Provision	(2,582,806)	(588,668)
Less: General Provision	(1,048,235)	(1,048,235)
Balance	248,818,788	208,598,773

7.3

	PPAF Prism	
	2019	2018
Opening Balance		
Transferred-In	82,568,661	90,728,496
Disbursed During The Period	101,225,000	59,015,000
Less: Recovery During The Year	(111,569,484)	(61,972,440)
Less: Written Off Against provision	(3,985,278)	(5,202,395)
Less: Written Off Against Reserve	-	-
	68,238,899	82,568,661
Less: Specific Provision	(7,720,447)	(2,086,986)
Less: General Provision	(402,408)	(402,408)
Balance	60,116,044	80,079,267

7..4 The partner organization P.Os are organizations having objectives similar to the company's operation and operates in areas where company operation not carried out. The P.Os under an agreement after getting funds disbursed the loan amount to ultimate borrowers/beneficiaries and are responsible for recoveries and return to the company. Above loan disbursement through P.Os represent loan against agriculture, enterprise, and livestock. Recoveries are made monthly to annually at the markup rate between 0.54 to 0.98 paisas per thousand per day.

7.5 Loan provided by OPRCT from its own resources includes loan against agriculture, livestock and enterprise. Recoveries against the loan are made monthly, semi annually or annually at the markup rate between 0.54 to 0.98 paisas per thousand per day.

7.6 The above PPAF balances has been offered as security/ hypothecation against long term borrowing obtained.

7.7 DISTRIBUTION OF PORTFOLIO

Category	Segment	July 01, 2018	Disbursement During the year	Recovery During The Year	Bad Debts During the Year	General Provision	Specific Provision	Balance As at June 30, 2019
PRISM	Branches							-
	POs	82,568,662	101,225,000	(111,569,484)	(3,985,278)	(343,095)	(7,779,760)	**60,116,045**
	Subtotal	**82,568,662**	**101,225,000**	**(111,569,484)**	**(3,985,278)**	**(343,095)**	**(7,779,760)**	**60,116,045**
OPRCT	Branches	1,614,437	1,417,500	(1,360,598)	-			**1,671,339**
	POs	79,028,175	114,750,000	(128,789,318)	(4,574,925)	(310,343)	(3,515,575)	**56,588,014**
	Subtotal	**80,642,612**	**116,167,500**	**(130,149,916)**	**(4,574,925)**	**(310,343)**	**(3,515,575)**	**58,259,353**
PPAF	Branches	210,235,676	470,630,000	(427,337,388)	(1,078,459)	(1,262,177)	(2,368,864)	**248,818,788**
	POs	-		-	-			-
	Subtotal	**210,235,676**	**470,630,000**	**(427,337,388)**	**(1,078,459)**	**(1,262,177)**	**(2,368,864)**	**248,818,788**
Grand Total	Branches	211,850,113	472,047,500	(428,697,986)	(1,078,459)	(1,262,177)	(2,368,864)	**250,490,127**
	POs	161,596,837	215,975,000	(240,358,802)	(8,560,203)	(653,438)	(11,295,335)	**116,704,059**
	Total	**373,446,950**	**688,022,500**	**(669,056,788)**	**(9,638,662)**	**(1,915,615)**	**(13,664,199)**	**367,194,186**

8 MICROCREDIT INTEREST FREE LOAN (UNSECURED)

	2019		
	Outstanding Loan	**Provision**	**Net**
PPAF Restricted (8.1)	16,023,000	(107,240)	15,915,760
Miseror Unrestricted (8.2)	853,594	(756,508)	97,086
Balance June 30, 2019	**16,876,594**	**(863,748)**	**16,012,846**

Note: These amounts have been disbursed from the revolving fund for interest free loan.

	2018		
	Outstanding Loan	**Provision**	**Net**
PPAF Restricted (8.1)	7,533,450	(391,950)	7,141,500
Miseror Unrestricted (8.2)	2,257,485	(52,000)	2,205,485
Balance June 30, 2018	**9,790,935**	**(443,950)**	**9,346,985**

8.1

	PPAF Restricted	
	2018	**2019**
Opening Balance		
Transferred-In	7,533,450	1,897,750
Disbursed During The Period	32,530,000	9,460,000
Less: Recovery During The Year	(23,999,450)	(3,824,300)
Less: Written Off Against provision	(41,000)	
Less: Written Off Against Reserve		-
	16,023,000	**7,533,450**
Less: Specific Provision	(107,240)	(391,950)
Less: General Provision		
Balance	**15,915,760**	**7,141,500**

8.2

	Miseror Unrestricted	
	2019	**2018**
Opening Balance		
Transferred-In	2,257,485	1,968,597
Disbursed During The Period		750,000
Less: Recovery During The Year	(1,403,891)	(461,112)
Less: Written Off Against provision		
Less: Written Off Against Reserve		
	853,594	**2,257,485**
Less: Specific Provision	(756,508)	(52,000)
Less: General Provision		
Balance	**97,086**	**2,205,485**

9.0 PROVISION FOR LOAN

	Note	Provisioning	
		As per Prudential Regulation	As per IFRS 9 Expected Credit Loss Model
Provision As per Prudential regulation	28	13,159,301	
Provision As per Expected Credit Loss Model - IFRS 9			6,051,308

IFRS 9 has provided a mechanism for calculation of expected Credit Loss Model on Financial Assets based on expected Cash Flows for the future period. After thorough evaluation of the Portfolio at Risk and Complying the Regulatory requirements of the prudential regulations specified in the Specified Entities Regulations, 2008 in order to record the Provision on the outstanding Portfolio and the Assessment of the portfolio as per IFRS 9 regulations to record the expected credit loss we have assessed that the average rate as per prudential regulation is about 3.75% amounting to Rs.15,579,813 (Comprising maintained Specific provision of 13,664,209 and general provision amounting to 1,915,615 as of June 30, 2019) and the amount charged in Profit and loss amounting to Rs.13,159,301/- (2018: Rs. 6,544,927) which is higher than the Average Credit loss Rate which Comprised on Forward Looking Rate for Pakistan Economic Rate Calculation, Loss Given Default (LGD), Probability of Default (PD), and EAD to calculate ECL Provision which resulted in an Expected Credit Loss average rate of 1.56% of the Expected Allowance of Default (EAD) amounting to 6,051,308/-) based on the Ageing analysis of the Portfolio at risk for 18 months since incorporation.

9.1 EXPECTED CREDIT LOSS MODEL PROVISION MATRIX RESULTS ON LOAN

Provision Matrix has been used to Calculate Expected Credit Loss on Simplified Approach;
The Organization has set following Provisioning Matrix Parameters which has been adjusted for Forward Looking Estimates.

Age Buckets (days)	PD	LGD	Loss Rate (LR)	Forward Looking Factor	EAD	ECL Provision
Current	1.81%	15.83%	0.29%	0.36%	299,267,624	1,072,480
1 to 29	10.46%	15.83%	1.66%	2.08%	64,113,869	1,331,178
30 to 59	69.91%	15.83%	11.07%	13.87%	2,939,704	407,793
60 to 89	93.35%	15.83%	14.78%	18.52%	1,867,773	345,960
90 to 179	100.00%	15.83%	15.83%	19.84%	4,245,377	842,349
180 to 364	100.00%	15.83%	15.83%	19.84%	8,411,121	1,668,898
>365	100.00%	15.83%	15.83%	19.84%	1,928,530	382,651
					Total ECL	6,051,308
						1.56%

Where Defined Parameters over Provision Matrix are :

PD= Probility of Default over time horizon => > Calculated with reference to age Bucket > > Average of all PDs Calculated
LGD=> Loss Given Default => > EAD * PD => >Average of all LGDs at each age Bucket
Loss Rate => > PD * LGD => > Average of all Loss Rates
Forward looking factor is the product of loss rate and forward looking rate
EAD=> >Exposue at Default => >is the receivable at the period end ie outstanding balance at period end
ECL Provision=> Product of EAD and Forward Looking Factor
ECL=> > Average of ECL Provision

9.2 PORTFOLIO AT RISK AS ON June 30,2019

AGING BUCKET	OCT	PPAF	PRISM	TOTAL
	PAR/OLP	PAR/OLP	PAR/OLP	PAR/OLP
Regular	34,323,809	236,753,637	28,190,179	299,267,625
1 day to 29 days	21,728,916	11,575,684	30,809,269	64,113,869
30 days to 59 days	1,245,689	969,046	724,969	2,939,704
60 days to 89 days	901,982	606,307	359,484	1,867,773
90 days to 189 days	1,812,436	1,140,259	1,292,682	4,245,377
180 days to 364 days	1,210,834	803,176	6,397,111	8,411,121
Over 365	861,605	601,720	465,205	1,928,530
	62,085,271	252,449,829	68,238,899	382,773,999

9.3

AGING BUCKET		OPRCT		
	Classification	% OF PRO	PAR/OLP	PROVISION
Regular		0%	34,323,809	-
1 day to 29 days	OAEM	0%	21,728,916	-
30 days to 59 days	OAEM	25%	1,245,689	311,422
60 days to 89 days	Sub-Standard	25%	901,982	225,496
90 days to 179 days	Doubtful	50%	1,812,436	906,218
180 days to 364 days	Loss	100%	1,210,834	1,210,834
Over 365	Loss	100%	861,605	861,605
Specific Provision			62,085,271	3,515,575
General Provision @ 0.5%				310,343

9.4

AGING BUCKET	Classification	PPAF % OF PRO	PAR/OLP	PROVISION
Regular		0%	236,753,637	-
1 day to 29 days	OAEM	0%	11,575,684	-
30 days to 59 days	OAEM	25%	969,046	242,262
60 days to 89 days	Sub-Standard	25%	606,307	151,577
90 days to 179 days	Doubtful	50%	1,140,259	570,130
180 days to 364 days	Loss	100%	803,176	803,176
Over 365	Loss	100%	601,720	601,720
Specific Provision			**252,449,829**	2,368,864
General Provision @ 0.5%				1,262,177

9.5

AGING BUCKET	Classification	PRISM % OF PRO	PAR/OLP	PROVISION
Regular		0%	28,190,179	-
1 day to 29 days	OAEM	0%	30,809,269	-
30 days to 59 days	OAEM	25%	724,969	181,242
60 days to 89 days	Sub-Standard	25%	359,484	89,871
90 days to 179 days	Doubtful	50%	1,292,682	646,341
180 days to 364 days	Loss	100%	6,397,111	6,397,111
Over 365	Loss	100%	465,205	465,205
Specific Provision			**68,238,899**	7,779,770
General Provision @ 0.5%				343,094

9.6

AGING BUCKET	Classification	TOTAL % OF PRO	PAR/OLP	PROVISION
Regular		0%	**299,267,624**	-
1 day to 29 days	OAEM	0%	**64,113,869**	-
30 days to 59 days	OAEM	25%	**2,939,704**	734,926
60 days to 89 days	Sub-Standard	25%	**1,867,773**	466,943
90 days to 179 days	Doubtful	50%	**4,245,377**	2,122,689
180 days to 364 days	Loss	100%	**8,411,121**	8,411,121
Over 365	Loss	100%	**1,928,530**	1,928,530
Specific Provision			**382,773,998**	13,664,209
General Provision @ 0.5%				1,915,615

10 **Short Term Investments comprise of the following:**

Particular	Issued date	Maturity Date	Profit Rate (p.a) (%)	Payments Terms	Amortized Cost
SME 53.177 M	19-Oct-18	19-Oct-19	6.50	On Maturity	55,601,288
ABL 37 M	19-Mar-19	19-Mar-20	10.47	On Maturity	37,987,048
					93,588,336

11 **ADVANCES AND OTHER RECEIVABLES**

Transferred-In In The Year			
Advances	Note (11.1)	15,140,951	15,929,978
Other Receivable	Note (11.2)	73,400	92,350
		15,214,351	**16,022,328**

11.1 **Advances**

Advances To Staff		**5,006,032**	**6,198,456**
Advances To Others	Note (11.1.1)	**4,994,001**	**180,001**
Advances To Branches		**453,837**	**727,381**
Advance against WHT		**47,297**	
Advance To Related Parties			
OPP-Urban Resource Centre		**200,000**	200,000
OPP-Microcredit Trust		**72,000**	72,000
OPP-KHASDA		**1,914,420**	1,914,420
MON-PAK		**1,857,520**	1,857,520
EWEF		**72,450**	72,450
OPP-RTI		**523,394**	4,707,750
		4,639,784	**8,824,140**
		15,140,951	**15,929,978**

11.2 Other Receivables

Receivable From PPAF - Against Expenses	61,200	80,150
Receivable From PMN - Against Expenses	12,200	12,200
	73,400	92,350

11.1.1 Advances To Others

GDO & Other Advances	880,001	-
Sahkar Foundation	1,000,000	-
Nice Foundation	1,500,000	-
Village Welfare (VWS)	500,000	-
AZM Foundation	900,000	-
Saath Micro Finance	5,208,000	-
OPD Support Program	-	-
	9,988,001	-
Less:Provison against advances	(4,994,001)	-
	4,994,001	-

12 Long term investments comprise of the following:

Particular	Issued date	Maturity Date	Profit Rate (p.a) (%)	Payments Terms	Amortized Cost
TDR - HBL (RS. 20 million)	30-9-2010	29-9-2020	10.24	On Maturity	46,889,430
					46,889,430

13 PROPERTY PLANT & EQUIPMENT

Particulars	COST				ACCUMULATED DEPRECIATION				W.D.V As At		Rate
	As on July 01, 2018	Addition	Deletion	As on June 30, 2019	As on July 01, 2018	Deletion	Charged For the period	As on June 30, 2019	June-2019	June-2018	
OWNED											
Building	1,622,396	-	622,396	1,000,000	590,831	289,627	34,940	336,144	663,856	1,031,565	5%
Motor Vehicles	6,622,732	40,000	601,162	6,061,570	4,296,967	482,696	449,460	4,263,731	1,797,839	2,325,765	20%
Office Equipment	1,289,578		1,289,578	-	1,199,938	1,199,935	-	-	-	89,640	20%
Power Generator	1,446,589		-	1,446,589	1,095,840	-	70,150	1,165,990	280,599	350,749	20%
Furniture And Fixture	1,277,868	86,450	-	1,364,318	543,843	-	82,048	625,890	738,428	734,025	10%
Electric Equipment	3,771,757	609,431	1,369,650	3,011,538	2,412,823	1,179,770	355,697	1,588,750	1,422,788	1,358,934	20%
Computer And Server	639,862	274,333	47,000	867,195	427,370	7,755	147,701	567,317	299,878	212,492	33%
									-		
	16,670,782	**1,010,214**	**3,929,786**	**13,751,210**	**10,567,612**	**3,159,783**	**1,139,995**	**8,547,822**	**5,203,388**	**6,103,170**	
PPAF FINANCED											
Motor Vehicles	5,078,096	-	-	5,078,096	4,341,772	-	147,265	4,489,037	589,059	736,324	20%
Office Equipment	1,915,682	-	1,915,682	-	1,705,278	1,705,278	-	-	-	210,404	20%
Office Equipment (TUP)	114,740	-	114,740	-	74,621	74,622	-	-	-	40,119	10%
Office Equipment (MIOP)	281,550	-	281,550	-	177,114	177,114	-	-	-	104,436	10%
Furniture And Fixture	455,225	-	-	455,225	297,541	-	15,768	313,310	141,915	157,684	10%
Computer	1,175,000	-	1,175,000	-	1,100,893	1,100,893	-	-	-	74,107	33%
	9,020,293	**-**	**3,486,972**	**5,533,321**	**7,697,220**	**3,057,907**	**163,033**	**4,802,346**	**730,975**	**1,323,073**	
As at June 30,2019	**25,691,075**	**1,010,214**	**7,416,758**	**19,284,531**	**18,264,832**	**6,217,690**	**1,303,028**	**13,350,168**	**5,934,363**	**7,426,243**	

14 INTANGIBLE ASSETS

Particulars	As on July 01, 2018	Addition	Deletion	As on June 30, 2019	As on July 01, 2018	Deletion	Charged For the period	As on June 30, 2019	June-2019	June-2018	Rate
MIS And FIS Software	2,972,500	1,435,625	-	4,408,125	2,612,218	-	592,649	3,204,867	1,203,258	360,282	33%
As at June 30,2019	**2,972,500**	**1,435,625**	**-**	**4,408,125**	**2,612,218**	**-**	**592,649**	**3,204,867**	**1,203,258**	**360,282**	
	28,663,575	2,445,839	7,416,758	23,692,656	20,877,049	6,217,690	1,895,678	16,555,035	7,137,621	7,786,526	

14.1 Impairment on Fixed Assets

OWNED

Description	Note	Cost	Accumulated Depreciation	Carrying Value	Recoverable Amount	Impairment Loss
Building	**14.1.1**	622,396	289,627	332,769	-	**332,769**
Motor Vehicles		601,162	482,696	118,466	-	**118,466**
Office Equipment	**14.1.2**	1,289,578	1,199,935	89,643	**25,000**	**64,643**
Electric Equipment	**14.1.2**	1,369,650	1,179,770	189,880	-	**189,880**
Computer And Server		47,000	7,755	39,245	-	**39,245**
		3,929,786	**3,159,783**	**770,003**	**25,000**	**745,003**

PPAF FINANCED

Description	Note	Cost	Accumulated Depreciation	Carrying Value	Recoverable Amount	Impairment Loss
Office Equipment	**14.1.2**	1,915,682	1,705,278	210,404	-	**210,404**
Office Equipment (TUP)		114,740	74,622	40,118	-	**40,118**
Office Equipment (MIOP)		281,550	177,114	104,436	-	**104,436**
Computer		1,175,000	1,100,893	74,107	-	**74,107**
		3,486,972	**3,057,907**	**429,065**	**-**	**429,065**

Total Impairment Loss on Fixed Assets	**1,174,068**

14.1.1 - The Building Plot No 2405 (Including Khaddi weaver project and documentation charges) at the Historical Cost of **Rs.622,396/-** at Goth area in orangi town was confiscated as initial deposit was made on 09-05-2007 by OCT with the land owner and the company had no entitlement to this plot of Land.

14.1.2 - The Office Equipment and Electric Equipment includes the items that were placed at **Kumb Branch, Hyderabad Branch, and Sukkur Branch.** The List of items recorded in the Fixed assets registered were identified and written off at the start of the financial year. The Board Resolution has been obtained on the above loss due to impairment on assets.

15 SHORT TERM BORROWINGS FROM BANKS - Secured

	2019	2018
	-----Rupees-----	
SME Bank Running Finance	47,550,641	41,970,871
ABL Running Finance	33,550,153	32,551,845
Habib Bank - Meher O/D	213,565	-
Habib Bank - Prism A/C		2,806
Habib Bank Running Finance	32,944,679	32,944,679
	114,259,038	**107,470,201**

15.1 Terms and conditions

Description	SME	ABL	HBL	
	I	I	I	II
Limit	**47.8 M**	**35 M**	**15 M**	**18 M**
Tenure	18-10-2018 to 19-10-2019	30-09-2018 to 30-09-2019	30-09-2018 to 30-09-2019	30-09-2018 to 30-09-2019
Mark up	8%	KIBOR + 1.25% payable quarterly	Deposit rate + 0.75% payable quarterly	Deposit rate + 0.5% payable quarterly
Security	TDR of Rs. 53.177 M	TDR of Rs. 37 M (under lien)	Lien against PLS Account	TDR of Rs. 20 M
Purpose	To strengthen socio economic condition in rural & urban areas	For working capital requirement and microfinance	For lending money to micro business units	For lending money to micro business units

16 LOANS AND ADVANCES

	2019	2018
	-----Rupees-----	
Loans (Unsecured)		
Related Parties		
Opp Research & Training Institute (1)	16,200,000	22,200,000
Opp RTI	63,500,000	63,500,000
Total RTI	**79,700,000**	**85,700,000**
Opp Rural Development Trust	12,915,000	10,515,000
Opp Employees Welfare Endowment Fund Trust	3,600,000	3,600,000
Opp Micro Credit Trust	3,580,500	2,680,500
Urban Resource Centre (Urc)	300,000	300,000
Engro(Hamqadam)	-	
	20,395,500	17,095,500
	100,095,500	**102,795,500**
Advances		
Staff Life Insurance Premium	35,281	(41,468)
Staff Insurance Payable	34,268	34,268
Total	**69,549**	**(7,200)**
Ehbab Buchat Investment	17,225	17,225
Others	(29,901)	(29,901)
	56,873	(19,876)
	100,152,373	**102,775,624**

16.1 Relationship with party

Related Party represents all entities of Orangi Pilot Project (OPP) that are under the common management control of OPP.

16.2

The company in its normal operation receive deposits/funds from its related parties to meet operating cash flow requirements.

16.3 Markup at rate of 9% per annum is paid on loan from related party M/S OPP RTI. The loans are unsecured and payable on demand from related parties.

17	ACCRUED INTEREST AND OTHER PAYABLES	2019	2018
		-----Rupees-----	
17.1	**Accrued Interest/Markup**		
	Markup on Long Term Loan		
	Interest On PPAF Loans	54,838,159	45,386,070
	Less: Transferred to Non-Current	(45,386,050)	
		9,452,109	**45,386,070**
	Markup on Short Term Loan		
	Interest On Related Parties Loans	5,734,764	2,147,094
	Interest On RF Bank	769,199	2,223,467
		6,503,963	**4,370,561**
		15,956,072	**49,756,631**
18	**Accrued Expenses**		
	Accrued Provident Fund	2,700,711	-
	Salaries Payable	411,926	367,947
	Other Payable	1,065,728	1,090,728
	Income Tax Payable	-	851
		4,178,365	**1,459,526**
		20,134,437	**51,216,157**

19 LONG TERM BORROWING FROM PPAF- Secured

		June 30, 2019			June 30, 2018	
		Regular	Subordinated Loan	TOTAL	Regular	TOTAL
			----------------Rupees--------------			
Opening Balance		120,042,709	-	120,042,709	120,042,709	120,042,709
Transferred to Subordinate L(	17.1	(55,000,000)	55,000,000	-	-	-
Subtotal		**65,042,709**	**55,000,000**	**120,042,709**	**120,042,709**	**120,042,709**
		(14,042,709)		(14,042,709)		
		51,000,000	**55,000,000**	**106,000,000**	**120,042,709**	**120,042,709**
Less : Current Maturity		**(14,000,000)**		(14,000,000)		
				-		
June 30, 2019		**37,000,000**	**55,000,000**	**92,000,000**		

19.1 - On February 11,2019 the Company entered into a Supplementary Financing agreements with PPAF whereby:

a) Rs. 55,000,000 transferred as subordinate loan to be repayable by Dec 31, 2021. Mark-up on sub-ordinated loan shall be payable during the tenure of repayment aggregated to Rs. 17,820,000 payable on a quarterly basis. The sub-ordinate loan shall rank after all loan advances and deposits of the company.

b) The Remaining loan of Rs.55,000,000/-shall be repayable by Dec 31,2021 in unequal quarterly installments. The mark-up on the loan during the tenure of the agreement was determined at Rs.11,526,189 payable on a quarterly basis. The company has also issued post dated cheques for the payment of quarterly installments upto and of the period aggregating Rs. 51,000,000.

c) The outstanding Mark-up of Rs. 45,386,070 at the date of the agreement shall be made repayable in one installment at the completion of the tenure of the agreement by Dec 31, 2021.

20	EQUITY FUND	Note	June 30, 2019	June 30, 2018
			-----Rupees-----	
	Balance At Beginning Of Period			
	Transferred-In	20.2	136,368,584	136,368,584
	Membership Fee by Directors/Memers	20.1	500,000	500,000
	June 30,		**136,868,584**	**136,868,584**

20.1 This represents amount subscribe by 5 Directors/Members of the company @ Rs 100,000 each at the time of incorporation of the company.

20.2 The above represents balances of accumulated surplus transferred in the company as equity fund from the previous organization OCT.

21 REVOLVING, UNRESTRICTED AND RESTRICTED FUNDS

		January 1, 2018			
	RESTRICTED	UNRESTRICTED			Total
	Rupees				
Notes	18.2	18.3		18.4	
Balance At Beginning Of period					
Transferred In	40,000,000	30,033,895	147,595	946,347	71,127,837
Received During The period	-	-			-
Bad Debts	-	(30,000)			(30,000)
Bad Debts Written Off		(9,518,781)			(9,518,781)
Balance At End Of period	40,000,000	20,485,114	147,595	946,347	61,579,056

REVOLVING, UNRESTRICTED AND RESTRICTED FUNDS

		June 30,2019			
	RESTRICTED	UNRESTRICTED			Total
	Rupees				
Notes	20.2	-		20.3	
Balance At Beginning Of period	40,000,000	20,485,114	147,595	946,347	61,579,056
Charged Operational Cost for the Year sept 18	(5,000,000)	-	-	-	(5,000,000)
Charged For operational Cost net of income	(1,072,642)	-	-	-	(1,072,642)
Members fees Directors					
Bad Debts		-	-	-	-
Bad Debts Written Off	-	-	-		-
Balance At End Of period	33,927,358	20,485,114	147,595	946,347	55,506,414

21.1 Available Assets At End Of period

Microcredit Interest Free Loan	16,230,000	853,594	147,595	946,347	18,177,536
Cash At Bank	17,185,744	19,631,520			36,817,264
	33,415,744	20,485,114	147,595	946,347	54,994,800

21.2 The restricted fund from PPAF created out of disbursement of Rs. 40 million. The fund is given on account of interest free loan for the period of four years ending June 30, 2018 through community organizations. After completion of agreed period the funds shall be given as grant on discretion of PPAF to respective community organizations to whom the loan were granted. The Rs 40M balance was secured by a promissory note issued in favor of PPAF. No instruction has been given by PPAF in this regard as yet.

21.3 This represents unrestricted funds created out of amount received from Miserior Germany. The amounts have been disbursed to the flood affected people in interior Sindh and was included in micro finance loans.

21.4 This represent unspent balance on the projects completed. The related assets acquired out of the funds received have been included in fix assets of the company.

22 GENERAL RESERVE FOR LOAN LOSS

	June 30, 2019	June 30, 2018
Opening Balance	2,069,043	-
Charged for the period	1,525,000	4,512,993
Bad Debts written off	-	(2,000,000)
Provision during the period	-	(443,950)
June 30,	3,594,043	2,069,043

22.1 The reserve is created as per the agreement with PPAF at rate of 2% on amount of revolving fund disbursed by PPAF. It shall be released to income equal to the written off amount under interest free loan disbursed from funds of PPAF.

		OWN	PPAF	June 30, 2019	June 30, 2018
				----Rupees----	
23	**INCOME**				
	Markup/ return / interest earned - OCT	15,691,591		15,691,591	8,862,041
	Markup/ return / interest earned - PPAF	-	84,233,921	84,233,921	38,384,954
	Markup/ return / interest earned - PRISM	-	14,072,074	14,072,074	7,991,440
		15,691,591	98,305,995	113,997,586	55,238,435

		OWN	PPAF		
24	**MARKUP / RETURN / INTEREST EXPENSED**				
	Markup/ return / interest expensed - PPAF	-	10,524,966	10,524,966	4,805,640
	Markup/ return / interest expensed - RPT (Note 13)	11,627,784	-	11,627,784	5,475,708
	Markup/ return / interest expensed - RFF (Note 13)	8,337,196	-	8,337,196	6,226,552
	Bank Charges	11,598,751	-	11,598,751	6,214,540
		31,563,731	10,524,966	42,088,697	22,722,440

24.1 Bank Charges included withholding tax on cash withdrawals Rs. 4,513,414 in the year (2018. 1,147,816) deducted under provisions of income tax law

		OWN	PPAF		
25	**INVESTMENT INCOME**				
	Income From Long Term Investment	4,281,337	-	4,281,337	3,499,236
	Income From Short Term Investment	5,425,825	-	5,425,825	1,064,188
	Income From Bank Deposits	93,923	-	93,923	1,027,745
		9,801,085	-	9,801,085	5,591,169

25.1 The income on investment on bank profit (profit on debt has been accounted for net of withholding tax at source Rs 896,466. (2018 Rs 1,318552

		OWN	PPAF		
26	**FEE AND PROCESSING CHARGES**				
	Loan Processing Charges	13,757,132	-	13,757,132	5,804,074
		13,757,132	-	13,757,132	5,804,074

The above represent loan application form charges recovered from borrowers upon processing of loan application.

			OWN		
27	**GENERAL AND ADMIN EXPENSES**				
	Salaries, Wages And Benefits	27.1.1	42,093,759	42,093,759	17,037,428
	Staff Provident Fund		2,700,711	2,700,711	
	Vehicle Running And Maintenance	27.1.1	2,702,757	2,702,757	1,300,090
	Rent And Utilities		4,521,842	4,521,842	2,304,291
	Legal And Consultancy		2,205,534	2,205,534	1,162,920
	Meeting Expenses	27.1.1	2,455,716	2,455,716	1,289,927
	Supplies, Maintenance And Repair-		3,481,302	3,481,302	860,172
	Travelling And Conveyance	27.1.1	2,648,792	2,648,792	1,692,099
	Printing, Stationary, Journal And Periodicals	27.1.1	1,700,849	1,700,849	795,174
	Power Generator Maintenance	27.1.1	1,715,550	1,715,550	724,921
	Charity And Donation		-	-	224,346
	Transportation		651,445	651,445	338,794
	Audit Fee		300,000	300,000	200,000
	Fees, Subscription And Honorarium		252,590	252,590	605,531
	Amortization Of Intangible Assets		592,649	592,649	71,334
	Depreciation		1,303,028	1,303,028	701,159
	Provision against advances		4,994,001	4,994,001	
	Impairment loss on Fixed Assets (Note: 12.1)		745,003	1,174,091	-
			75,065,528	75,494,616	29,308,186

		2019	2018
27.1	**Details of Expenses related to PMIFL Scheme Under PPAF**		
		-----Rupees----	
	Salaries, Wages And Benefits	2,115,489	603,241
	Vehicle Running And Maintenance	346,343	185,191
	Power Generator Maintenance	20,000	20,000
	Rent And Utilities	288,380	172,460
	Travelling And Conveyance	84,850	34,150
	Printing, Stationary, Journal And Periodicals	119,816	34,325
	Meeting Expenses	329,361	132,436
	Impairment loss on Fixed Assets (Note: 12.1)	429,065	
		3,733,304	1,181,803

27.1.1 During the year the company entered into a supplementary agreement with PMIFL for the loan disbursed in previous year 2017 and classified revolving/restricted fund. Accordingly managment cost as well as provision for doubtful debts has been allowed as a reduction from the disbursement made.The Management Cost pertaing to the previous year and current year aggregating Rs. 5 Million as well as provison for doubtful debts Rs 1,072,642 has been adjusted agaist revoloving Fund. (Refer Note 21)

28 **MOVEMENT FOR PROVISION OF DOUBTFUL DEBTS**

30-Jun-18

	OCT OWN			PPAF			Prism			
	Specific	General	Total	Specific	General	Total	Specific	General	Total	Grand Total
Opening Balance	2,767,620		2,767,620	6,760,325		6,760,325	5,902,094		5,902,094	15,430,039
Transferred In	4,445,791		4,445,791	(4,445,791)		(4,445,791)			-	-
Amounts written off during the period	(3,574,968)		(3,574,968)	(677,631)		(677,631)	(5,202,395)		(5,202,395)	(9,454,994)
	3,638,443	-	3,638,443	1,636,903	-	1,636,903	699,699	-	699,699	5,975,045
Amount charged to P/L Ac	4,392,172	363,060	4,755,232	(1,048,235)	1,048,235	-	1,387,287	402,408	1,789,695	6,544,927
Balance at Jun 30 2018	8,030,615	363,060	8,393,675	588,668	1,048,235	1,636,903	2,086,986	402,408	2,489,394	12,519,972

30-Jun-19

	OCT OWN			PPAF			Prism			
	Specific	General	Total	Specific	General	Total	Specific	General	Total	Grand Total
Opening Balance	8,030,615	363,060	8,393,675	588,668	1,048,235	1,636,903	2,086,986	402,408	2,489,394	12,519,972
Transferred In	-		-	-		-			-	-
Amounts written off during the period	(4,574,925)		(4,574,925)	(1,078,459)		(1,078,459)	(3,985,278)		(3,985,278)	(9,638,662)
	3,455,690	363,060	3,818,750	(489,791)	1,048,235	558,444	(1,898,292)	402,408	(1,495,884)	2,881,310
Amount charged to P/L Ac	7,167	-	7,167	3,072,597	-	3,072,597	9,618,739	-	9,618,739	12,698,503
Balance at Jun 30 2019	3,462,857	363,060	3,825,917	2,582,806	1,048,235	3,631,041	7,720,447	402,408	8,122,855	15,579,813

30-Jun-19

	Misereor			PM-IFL						
	Specific	General	Total	Specific	General	Total				Grand Total
Opening Balance	52,000	-	52,000	391,950	-	391,950				443,950
Transferred In	-		-	-		-				-
Amounts written off during the period	-		-	(41,000)		(41,000)				(41,000)
	52,000	-	52,000	350,950	-	350,950				402,950
Amount charged to P/L Ac	704,508	-	704,508	(243,710)	-	(243,710)				460,798
Balance at Jun 30 2019	756,508	-	756,508	107,240	-	107,240				863,748

28.4

Provision For The Year	2019	2018
Non-Interest Bearing Loans	460,798	
Interest Bearing Loans	12,698,503	6,544,927
Total Charged for the year	13,159,301	6,544,927

29 PROGRAM EXPENSES

	June 2019	June 2018
	------Rupees----	
Support to other NGOs	920,665	2,936,731
	920,665	2,936,731

29.1 Program expense represent cost incurred in the period for providing support to other NGOs mainly comprise of staff cost and sharing management cost.

30 TAXATION

30.1 Company was incorporated in the current period as Not for Profit Organization and has been registered with the income tax department under Tax registration number: 7881657. The income tax return of the company would be filed by the company on the due date complying to required provisions of the income tax ordinance 2001.

30.2 As per section 100 C of the Income Tax Ordinance, 2001, the income of Non-Profit Organizations, trusts and welfare institutions shall be allowed a tax credit equal to one hundred percent of the tax payable, including final taxes payables subject to the condition that a return has been filed, tax required to be collected or deducted has been collected or deducted and paid in accordance income tax provision 2001, and withholding tax statements for the immediately preceding tax year have been filed. As the company complies with the aforesaid provision, directors and management believe that no provision for tax would arise.

During the year tax has been withheld as under

	2019	2018
1) On Investment Income	896,466	1,380,979
2) On Cash Withdrawal	4,513,414	1,147,816
Total	5,409,880	2,528,795

The company upon filing tax return would include above tax withholding in its return & expected to claim refund under the law.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents the information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

31.1 Credit risk

Credit risk is the risk which arises with possibility that one party to financial instrument will fail to discharge its obligations and cause the other party to incur financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transaction with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise 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 economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long term loans, advances, deposits, trade debts and other bank balances. The Company seeks to minimize the credit risk exposure through exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is as follows:

	2019		2018	
	Balance Sheet	Maximum Exposure	Balance Sheet	Maximum Exposure
Micro Credit Loans	383,207,032	83,506,374	370,273,962	370,273,962
Loans and advances, trade and other deposit: other receivables	15,214,351	15,214,351	16,022,328	16,022,328
Cash And Bank balances	39,790,807	39,715,450	50,720,371	50,656,371
Short Term Investment	93,588,336		90,667,686	
	531,800,526	138,436,175	527,684,347	436,952,661

The maximum exposure to credit risk for Micro-Credit Loans at the balance sheet date by type of customer is as follows:

	2019	2018
Partner Organisations	116,704,059	150,739,464
End-user customers	250,490,127	210,187,514

The Company deposits its funds with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

Local banks	Credit Rated	Short term	Long term
		C to A1+	B to AAA
SME Bank	B	47,550,641	
Habib Bank Ltd	A-1+	33,158,244	
Allied Bank Ltd.	A-1+	33,550,153	
		114,259,038	-

31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity 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. For this purpose the Company has sufficient running finance facilities available from commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the board.

Table of financial liabilies and maturity

	2019				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years
	---Rupees---				
Financial liabilities at amortized cost					
Non Derivative financial liabilities					
Long term borrowing from PPAF- (secured)	120,042,709	-	-	24,008,542	120,042,709
Short Term borrowings from banks- (secured)	107,470,201	-	-	729,763	7,297,630
	227,512,910	- -	- -	24,738,305 -	127,340,339
Derivative financial liabilities	-	- -	- -	- -	-
	227,512,910	- -	- -	24,738,305 -	127,340,339

	2018				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years
	---Rupees---				
Financial liabilities at amortized cost					
Non Derivative financial liabilities					
Long term borrowing from PPAF- (secured)	92,000,000	-	-	18,400,000	92,000,000
Short Term borrowings from banks- (secured)	114,259,030	-	-	2,009,103	20,091,025
	206,259,038	- -	- -	20,489,183 -	112,891,825
Derivative financial liabilities	-	- -	- -	- -	-
	206,259,038			20,489,183	112,891,825

31.3 Market risk

The company is not exposed to market risk.

31.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long term and short term loan facilities.

32 Capital risk management

The Company finances its expansions projects through equity, further borrowings and own fund projections with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

33 FAIR VALUE MEASUREMENTS

33.1 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received so sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

33.2 Recognized fair value measurements - financial instruments

33.2.1 Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

As at June 30 2019	Carrying / Notional Value	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		FAIR VALUES			
Financial Assets measured At Fair Value	-				-
Financial Assets Not measured At Fair Value					
Cash In Hand	75,357				75,357
Bank Balances	41,715,450				41,715,450
Microcredit interest bearing loans	367,194,186				367,194,186
Microcredit interest free loans	16,012,846				16,012,846
Other Advances, Deposits & Receivables	15,214,351				15,214,351
Accrued Markup On Loans	8,714,440				8,714,440
Long Term Deposits	502,500				502,500
Short term investments	93,588,336				93,588,336
Long term investments	46,889,430				46,889,430
Total	**589,906,896**	-	-	-	**589,906,896**
Financial Liabilities measured At Fair Value					
Financial Liabilities Not measured At Fair Value					
SHORT TERM BORROWINGS FROM BANKS - Secured	114,259,038				**114,259,038**
Loans (Unsecured) - Related Parties	100,095,500				**100,095,500**
Loans (Unsecured) - Others	56,873				**56,873**
Total	**214,411,411**	-	-	-	**214,411,411**

As at June 30 2018	Carrying / Notional Value	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		FAIR VALUES			
Cash In Hand	64,000				64,000
Bank Balances	50,656,371				50,656,371
Microcredit interest bearing loans	360,926,977				360,926,977
Microcredit interest free loans	9,346,985				9,346,985
Other Advances, Deposits & Receivables	16,022,328				16,022,328
Accrued Markup On Loans	8,902,894				8,902,894
Long Term Deposits	502,500				502,500
Short term investments	90,667,686				90,667,686
Long term investments	42,542,932				42,542,932
Total	**528,912,302**	-	-	-	**528,912,302**
Financial Liabilities measured At Fair Value					
Financial Liabilities Not measured At Fair Value					-
SHORT TERM BORROWINGS FROM BANKS - Secured	107,470,201				**107,470,201**
Loans (Unsecured) - Related Parties	102,795,500				**102,795,500**
Total	**210,265,701**	-	-	-	**210,265,701**

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

33.3 Recognized fair value measurements - non-financial assets

Fair value hierarchy

Judgments and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

As at June 30, 2019	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Property and equipment:				-
- Building		663,856		663,856
				-
Total	-	**663,856**	-	**663,856**

As at June 30, 2018	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Property and equipment:				-
- Building		1,031,565		1,031,565
				-
Total	-	**1,031,565**	-	**1,031,565**

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as

33.4 MICROCREDIT LOANS & RECEIVABLES

IFRS Permits that disclosure of fair values is not required when the carrying amount is a reasonable approximation of fair value, such as short-term trade receivables and payables, or for instruments whose fair value cannot be measured reliably. As management believes that fair values of micro finance loans and receivable approximate its carrying value therefore further disclosure deemed not necessary.

34 GENERAL

34.1 CORRESPONDING FIGURES

Note: The Comparative Figures reflect the amounts for the period since January 01, 2018 when the company was incorporated till year end i.e. June 30, 2018.

34.2 NUMBER OF EMPLOYEES

Average number of employees of the company in the period was 156. This represents staff transferred from the previous organization.This includes Perrmanent Employees 122 & Contract Employees 41.

34.3 There have been no related party transactions other than those disclosed in the financial statements.

34.4 The figures have been rounded off nearest to the rupees.

34.5 These financial statements have been approved by the Board of Directors and authorized for issue on 09 OCT 2019.

CHIEF EXECUTIE	DIRECTOR	CHIEF FINANCIAL OFFICER