

**Society for Advancement of Community  
Health, Education and Training - Pakistan**

**Financial Statements**

**For the year ended June 30, 2021**

June 24, 2022  
AA/45/JSA

The President  
Society for Advancement of Community  
Health, Education and Training - Pakistan  
F-8Markaz  
Islamabad

Dear Sir

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

We enclose three copies of the financial statements of Society for Advancement of Community Health, Education and Training – Pakistan (the Society) for the year ended June 30, 2021 with our report thereon initialed by us for identification purposes. We shall be pleased to sign our report after:

- i) the financial statements have been approved by the Board of Directors and signed by the President; Chief Executive Director and Executive Director duly authorized in this behalf by the Board;
- ii) we have received a representation letter on the lines of the draft submitted to the Management; and
- iii) we have received system generated trial balance duly signed and stamped by Management.

## **2. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS**

2.1 The responsibilities of the independent auditors in a usual examination of financial statements as are stipulated in International Standards on Auditing.

2.2 While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation and presentation of such financial statements is primarily that of the Society's Management. The Management's responsibilities include maintenance of adequate accounting records and internal controls, selection and application of appropriate accounting policies, safeguarding of the Society's assets and prevention and detection of fraud and irregularities. The audit of the financial statements does not relieve the Management of its responsibilities. Accordingly, our examination of books of account and records should not be relied upon to disclose all errors or irregularities. These annual financial statements shall remain and be deemed un-audited unless these have been approved by Board and signed by the President, Chief Executive Director and Executive Director authorized to do so on its behalf and the audit report on these annual financial statements has been signed by us.

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### 3. OWNERSHIP OF IMMOVABLE PROPERTIES

The Society had purchased different offices located at Babar Plaza, Sector F-8, Islamabad during previous years. It is pertinent to mention that the Society purchased these offices directly from the owner of Plaza, Mr. Zaheer Ud Din Babar and the purchase has been recorded through Stamp Paper agreements. Further, we have noted that the completion certificate of the Plaza has not yet been issued to owner by Capital Development Authority due to which Registry for transfer has not yet been processed. We were informed by the management that *the Society considers the existing legal documents executed at the time of purchase of properties sufficiently establish the ownership of properties. Annual property tax bills generated through online system of CDA show "SACHET" as owner of property and the Society is paying property tax since the purchase of properties which also establishes the ownership of properties. Further, the matter has already been discussed in the Board meeting held on 30-03-2022 and is still under consideration. The Board is considering the ways and means to finance the cost of transfer of titles of Properties in the name of the Society.* We recommend that Management of the Society considers measures for the transfer of ownership from Capital Development Authority to avoid any legal issues in future.

### 4. REGISTRATION OF PROVIDENT FUND

SACHET operates a Contributory Provident Fund (the Fund) for all employees. The Fund is not recognized with the Commissioner Income Tax under 6<sup>th</sup> Schedule Part 1 of the Income Tax Ordinance (ITO) 2001. In the absence of NTN number, the tax deducted at source by banks and other financial institutions cannot be claimed from Government of Pakistan. We recommend that the Fund is registered under ITO 2001 and annual return of total income is filed under ITO 2001 and all advance taxes are adjusted and refund is claimed under said ITO 2001.

5. We wish to place on record our appreciation of the cooperation and courtesy extended to us by the Management and staff of the Society during the course of the audit.

Yours truly



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors SACHET PAKISTAN

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the annexed financial statements of Society for the Advancement of Community Health, Education and Training – Pakistan (the Society), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure and the statement of changes in general fund 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, the accompanying financial statements of the Society for the year ended June 30, 2021 are prepared in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan.

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

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

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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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

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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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditor's report is Rukhsar Ahmed.

*Junaidy Shoaib Asad*

Islamabad, Pakistan  
Dated: June 29, 2022

SOCIETY FOR ADVANCEMENT OF COMMUNITY  
HEALTH, EDUCATION AND TRAINING - PAKISTAN  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	16,614,181	17,639,765
Long term investments	6	108,900,000	108,900,000
		<u>125,514,181</u>	<u>126,539,765</u>
<b>Current assets</b>			
Advances and deposits	7	199,141	355,954
Cash and bank balances	8	2,274,011	3,204,075
Accrued interest on income	9	1,164,040	-
		<u>3,637,192</u>	<u>3,560,029</u>
<b>Total assets</b>		<u><u>129,151,373</u></u>	<u><u>130,099,794</u></u>
<b>Fund and liabilities</b>			
<b>Fund</b>			
General fund	10	117,163,244	119,054,929
<b>Non-current liabilities</b>			
Deferred income	11	3,305,658	5,150,369
Employees' provident fund payable	12	4,743,166	4,369,561
Bank borrowings	13	1,250,000	-
		<u>9,298,824</u>	<u>9,519,930</u>
<b>Current liabilities</b>			
Accrued and other liabilities	14	1,751,805	1,524,935
Current portion of bank borrowings	13	937,500	-
<b>Total liabilities</b>		<u>11,988,129</u>	<u>11,044,865</u>
<b>Total equity and liabilities</b>		<u><u>129,151,373</u></u>	<u><u>130,099,794</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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PRESIDENT

  
CHIEF  
EXECUTIVE

  
EXECUTIVE  
DIRECTOR



SOCIETY FOR ADVANCEMENT OF COMMUNITY  
HEALTH, EDUCATION AND TRAINING - PAKISTAN  
STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Receipts from Zakat and Ushr Committee		-	600,000
Amortization of deferred income	11	1,844,711	1,844,711
Income from programs	15	2,517,474	5,887,311
Other income	16	17,689,934	18,886,109
<b>Total Income</b>		<b>22,052,119</b>	<b>27,218,131</b>
Administrative expenses	17	(4,640,375)	(4,111,290)
Program development and implementation expenses	18	(8,111,188)	(7,020,615)✓
Direct program costs	19	(11,039,793)	(16,477,606)✓
Finance cost		(128,813)	-
Bank charges		(23,635)	(13,987)
<b>Total expenditure</b>		<b>(23,943,804)</b>	<b>(27,623,498)</b>
<b>Deficit for the year</b>		<b>(1,891,685)</b>	<b>(405,367)</b>


The annexed notes from 1 to 21 form an integral part of these financial statements.

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PRESIDENT

  
CHIEF EXECUTIVE  
DIRECTOR


  
EXECUTIVE  
DIRECTOR

SOCIETY FOR ADVANCEMENT OF COMMUNITY  
HEALTH, EDUCATION AND TRAINING - PAKISTAN  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Balance at the beginning of the year	119,054,929	119,460,296
Deficit for the year	(1,891,685)	(405,367)
Balance at the end of the year	<u>117,163,244</u>	<u>119,054,929</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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PRESIDENT

  
CHIEF EXECUTIVE  
DIRECTOR  
EXECUTIVE  
DIRECTOR



SOCIETY FOR ADVANCEMENT OF COMMUNITY  
HEALTH, EDUCATION AND TRAINING - PAKISTAN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>Cash flows from operating activities</b>			
Deficit for the year		(1,891,685)	(405,367)
Adjustments for non-cash items:			
Amortization of deferred income		(1,844,711)	(1,844,711)
Depreciation of property and equipment		1,064,234	1,144,182
Gain on disposal of assets		-	(750,000)
		<u>(2,672,162)</u>	<u>(1,855,896)</u>
<b>Changes in working capital:</b>			
<b>Decrease/(Increase) in current assets</b>			
Loans and advances		156,813	(19,606)
Accrued interest on income		(1,164,040)	-
<b>Increase/(Decrease) in liabilities</b>			
Accrued and other liabilities		226,870	(168,689)
Employees' provident fund payable		373,605	812,879
<b>Net cash used in operations</b>		<u>(3,078,914)</u>	<u>(1,231,312)</u>
<b>Cash flows from investing activities</b>			
Payments for acquisition of property and equipment		(38,650)	-
Proceeds from sale of property and equipment		-	750,000
Long term investments - net		-	(1,250,000)
<b>Net cash used in investing activities</b>		<u>(38,650)</u>	<u>(500,000)</u>
<b>Cash flows from financing activities</b>			
Bank Borrowings-Net		2,187,500	-
<b>Net cash generated from financing activities</b>		<u>2,187,500</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>		(930,064)	(1,731,312)
<b>Cash and cash equivalents at the beginning of the year</b>		<u>3,204,075</u>	<u>4,935,387</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>2,274,011</u></u>	<u><u>3,204,075</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

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PRESIDENT

  
CHIEF EXECUTIVE  
DIRECTOR

  
EXECUTIVE  
DIRECTOR

**SOCIETY FOR ADVANCEMENT OF COMMUNITY HEALTH, EDUCATION AND TRAINING - PAKISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1 THE COMPANY AND ITS OPERATIONS**

Society for Advancement of Community Health, Education and Training - Pakistan (SACHET / the Society) is an independent, voluntary, non-government, non-political and non-profit organization, registered under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961. The Society has been established to provide health support, education and skills training to the poor and un-privileged classes of population. SACHET also co-operates with national and international non-profit organizations / associations and individuals engaged in the promotion of its objectives and various programs. The registered office is situated at office # 34, First Floor, Al-Babar Centre, F-8 Markaz, Islamabad. The Society is currently operating in Pinyali, Gagri, Banigala and Pathargarh.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting Standard for Not for Profit Organizations (NPOs) and Revised Accounting and Financial Reporting Standard for Small-Sized Entities (SSEs) issued by the Institute of the Chartered Accountants of Pakistan.

**3 BASIS OF PREPARATION**

**3.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

**3.2 Functional and presentation currency**

These financial statements are presented in Pakistan Rupee, which is the Society's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupees, unless otherwise stated.

**3.3 Key judgements and estimates**

The preparation of financial statements in conformity with the Accounting Standard for Not-for-Profit Organizations and Revised Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year includes useful life and residual value of property and equipment and impairment. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

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#### 4.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of property and equipment comprises historical cost.

Depreciation charge is based on the reducing balance method, whereby the cost or revalued amount of an asset is written off to the income and expenditure account over its estimated useful life. Depreciation on addition is charged in the year in which the asset is available for use and no depreciation is charged in the year of disposal. Normal repair and maintenance is charged to statement of income and expenditure, as and when incurred. Gains and losses on disposal of items of property and equipment are taken to statement of income

#### 4.1 Property and equipment (*Continued*)

Major renewals and improvements are capitalized, when it is probable that respective future economic benefits will flow to the Society, and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired.

#### 4.2 Investment properties

Buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in nature, location or condition of specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the statement of income and expenditure for the year in which it arises.

#### 4.3 Investments

Classification of investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair-value.

##### ***Amortized Cost***

Investments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these investments is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

##### ***Fair value through other comprehensive income (FVTOCI)***

Investments that are held for collection of contractual cash flows and for selling, where the cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or

##### ***Fair value through profit or loss***

Investments that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on such investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

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#### 4.4 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, advances, accrued interest, other receivables, cash and bank balances and trade and other payables etc. Financial assets and liabilities are recognized when the Society becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are derecognized when the Society loses control of the contractual rights that comprise the financial asset. The Society loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Society surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and derecognition is charged to the statement of income and expenditure currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.5 Impairment

##### *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in statement of income and expenditure. An impairment loss is reversed in the income and expenditure account if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

##### *Non-financial assets*

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of income and expenditure. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the statement of income and expenditure. Reversal of impairment loss is restricted to the original cost of asset.

#### 4.6 Medicine inventory

These are valued on first in first out basis.

#### 4.7 Trade and other receivables

Accounts receivables are recognized at nominal amount which is the fair value of the consideration to be received in future. Balances considered bad are written off when identified.

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#### 4.8 Taxation

Income of non-profit organizations is allowed a tax credit equal to one hundred percent of the tax payable under section 100C of the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in these financial statements.

#### 4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current and saving accounts.

#### 4.10 Foreign currency transactions and translations

Transactions in foreign currencies are accounted for in Pak Rupees, at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognized in the statement of income and expenditure.

#### 4.11 Accrued and other liabilities

Liabilities for accrued and other amounts payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

#### 4.12 Provisions

A provision is recognized in the balance sheet when the Society has legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the reliable estimate of the amount can be made.

#### 4.13 Staff retirement benefits - Provident Fund

The Society operates a contributory provident fund for all employees. Equal monthly contributions are made both by the Society and the employee to the fund at the rate of 5% of the basic salary till September 2012 and 2.5% of basic salary to date.

#### 4.14 Income recognition

- Profit on deposits with banks and investments in Regular Income Certificates is recognized on time proportion basis taking into the account the amount outstanding and rates applicable thereon.

- Cash donations and voluntary contributions are recognized on actual receipt basis. Donations in kind are recognized at value assigned by the donors to the goods at the time of donations.

- Revenue from restricted funds is recognized, using deferral method in statement of income and expenditure over the period necessary to match them with the expenses that they are intended to compensate.

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