



**FINANCIAL STATEMENTS OF
BENAZIR INCOME SUPPORT PROGRAMME
FOR THE YEAR ENDED
JUNE 30, 2020**

INDEPENDENT AUDITORS' REPORT TO THE MANAGEMENT OF BENAZIR INCOME SUPPORT PROGRAMME**Opinion**

We have audited the annexed financial statements of **Benazir Income Support Programme** hereinafter referred to as (the "Programme"), which comprise the statement of financial position as at June 30, 2020, statement of financial performance, the statement of changes in funds and reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement present fairly, in all material respects, the statement of financial position, statement of financial performance, the statement of changes in funds and reserves and the statement of cash flows together with the notes forming part thereof conform with the International Public Sector Accounting Standards (IPSASs) as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Programme 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.

Emphasis of Matter

We draw attention to following matters:

1. Note 2.3 of the financial statements which states that in 32nd BISP Board meeting it was decided by the Board that parallel accounting system i.e. cash and accrual will be maintained in BISP as soon as concurrence of AGP is obtained and the process of shifting to accrual basis may be expedited. However, at year end we noted that accounting record is being maintained on cash basis whereas management subsequently adjust its cash based trial manually to prepare accrual based financial statements.
2. Note 6.2 of the financial statements which states that Aurat Foundation was appointed to carry out survey for National Socio-Economic Survey Registry (NSER) wing of BISP for data collection of cluster 5 which included 14 districts of Bahawalpur division and upper Sindh. However, NSER verified through letter that poor data collection and poor controls were observed by Aurat Foundation during the survey. Whereas, data related to 0.406 million beneficiaries out of 1.868 million still requires rectification before adding to the list of eligible beneficiaries in the MIS.

3. Note 13.1.3 which state in detail that there are multiple ongoing cases related to payment of outstanding dues to the nine service providers for providing trainings to the selected beneficiaries of BISP under Waseela e Rozghar which include an estimated amount of Rs. 246.851 million along with markup of 12%, fee spent on arbitration and lawyer. The cases were decided in favour of the service providers by the Honorable Islamabad High Court. Further, the management of BISP has decided to file Civil Petition for Leave to Appeal (CPLA) in Supreme Court of Pakistan.

4. Note 13.1.5 of the financial statements which states BISP has not conducted the recertification of BISP beneficiaries since 2011 till the year end as per requirement of BISP Operational Manual, Section C, Sub-section 2, which requires to conduct recertification at end of four years period to ensure beneficiaries eligibility criteria. However, the Chairperson of BISP requested NADRA to conduct profiling of BISP beneficiaries dated December 19, 2019. Based upon the survey, out of 5.1 million beneficiaries NADRA identified 820,165 as ineligible and fraudulently claiming cash handouts from the scheme, resultantly assistance to them was immediately blocked. Further, the management has forwarded the requests to various departments to initiate the investigation process regarding recovery/proceedings on case to case basis. However, at year end Federal Investigation Agency (FIA) has recovered Rs. 195.123 million from government servants of BS-17 & above including their spouses who were BISP beneficiaries. Similarly, BISP has recovered Rs. 5.118 million out of Rs. 23.506 million from its employees. Whereas, recovery from remaining ineligible beneficiaries is still under the process.

Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSASs) Financial Reporting under the Accrual Basis of accounting and the requirements of Benazir Income Support Programme Act, 2010 and for such internal control as the 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 Programme'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 Programme or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Programme financial reporting process.





Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors 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 a 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 Programme'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 Programme'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 Programme 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.

ISLAMABAD

DATED: 02 MAR 2022


CHARTERED ACCOUNTANTS

Engagement Partner: Abdul Qadeer

**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	974,853,219	175,723,391
Intangible asset	5	73,368,789	59,287,031
Work-in-progress	6	3,780,983,360	2,501,209,864
Receivables from non-exchange transaction	7	2,122,057,416	2,131,679,541
		<u>6,951,262,784</u>	<u>4,867,899,827</u>
CURRENT ASSETS			
Receivables from non-exchange transaction	7	18,720,034,937	10,213,950,648
Advances, deposit and prepayment	8	6,982,108,084	25,255,159
Bank balances	9	30,290,837,873	27,283,216,694
		<u>55,992,980,894</u>	<u>37,522,422,501</u>
TOTAL ASSETS		<u><u>62,944,243,678</u></u>	<u><u>42,390,322,328</u></u>
FUND AND LIABILITIES			
FUND AND RESERVES			
Accumulated surplus		-	-
NON-CURRENT LIABILITIES			
Deferred revenue	10	7,044,652,021	2,761,475,444
Liabilities recognized under transfer arrangements	11	9,464,866,352	4,412,893,382
		<u>16,509,518,373</u>	<u>7,174,368,826</u>
CURRENT LIABILITIES			
Payable under non-exchange transaction	12	46,434,725,305	35,215,953,502
TOTAL EQUITY AND LIABILITIES		<u><u>62,944,243,678</u></u>	<u><u>42,390,322,328</u></u>
CONTINGENCIES AND COMMITMENTS	13	-	-

The annexed notes from 1 to 31 form an integral part of these financial statements.


DIRECTOR GENERAL (F&A)


SECRETARY

**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
REVENUE FROM NON- EXCHANGE TRANSACTIONS			
Transfers from Government	14	237,333,526,176	110,035,863,310
Transfers from other than Government entities	15	12,010,768,890	6,081,318,532
Amortization of deferred revenue	10	511,553,261	85,186,185
		<u>249,855,848,328</u>	<u>116,202,368,027</u>
EXPENSES			
General and operating expenditure			
Consultancy / research and surveys	16	323,836,543	610,327,036
Commission and service charges	17	1,652,725,789	3,367,113,626
Operating expenses	18	3,569,429,172	2,728,460,544
		5,545,991,504	6,705,901,206
Project expenditure			
Unconditional cash transfer to beneficiaries	19	235,775,076,000	106,295,055,182
Cash transfer to beneficiaries under Waseela-e-Taleem	20	3,707,712,500	3,165,711,639
Cash transfer to beneficiaries under Waseela-e-Sehat	21	-	35,700,000
Cash transfer to HEC under Ehsas Scholarship	22	4,827,068,324	-
		244,309,856,824	109,496,466,821
		249,855,848,328	116,202,368,027
SURPLUS FOR THE YEAR		<u>-</u>	<u>-</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.


DIRECTOR GENERAL (F&A)


SECRETARY

**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF CHANGES IN FUND AND RESERVES
FOR THE YEAR ENDED JUNE 30, 2020**

	Accumulated surplus	Total
Balance as at July 01, 2018	-	-
Surplus for the year	-	-
Balance as at June 30, 2019	-	-
Surplus for the year	-	-
Balance as at June 30, 2020	-	-

The annexed notes from 1 to 31 form an integral part of these financial statements.


DIRECTOR GENERAL (F&A)


Secretary
SECRETARY

**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020 Rupees	2019 Rupees
	Note	
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	-	-
Adjustment for non-cash and other items:		
Depreciation	500,853,411	74,456,544
Amortization of intangible assets	10,699,850	10,729,640
Transfers from other than Government entities	(12,083,088,250)	(6,081,318,532)
Amortization of deferred revenue	(511,553,261)	(85,186,184)
Transfers from Government	(232,506,457,852)	(110,035,863,310)
Financial charges	161,786	68,431
Operating loss before working capital changes	(244,589,384,316)	(116,117,113,411)
Working capital changes:		
Decrease in current assets:		
Receivable under non-exchange transaction	(8,496,462,164)	(1,219,541,805)
Advances, deposit and prepayment	(6,953,768,402)	
Increase in current liabilities:		
Deferred revenue	4,791,645,315	1,650,416,251
Liabilities recognized under transfer arrangements	232,506,457,852	110,035,863,310
Payable under non-exchange transaction	11,218,771,803	4,416,686,699
Cash generated from operations	233,066,644,404	114,883,424,456
Finance cost paid	(161,786)	(68,431)
Net cash (used in) / generated from operating activities	(11,522,901,698)	(1,233,757,386)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(1,299,983,239)	(166,872,934)
Additions in work-in-progress	(1,279,773,496)	(1,420,309,240)
Additions in intangible assets	(24,781,608)	(45,053,539)
Net cash used in investing activities	(2,604,538,343)	(1,632,235,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Transfers from other than Government entities	17,135,061,220	5,121,862,790
Net cash generated from financing activities	17,135,061,220	5,121,862,790
Net increase in cash and cash equivalents	3,007,621,179	2,255,869,691
Cash and cash equivalents at the beginning of the year	27,283,216,694	25,027,347,003
Cash and cash equivalents at the end of the year	30,290,837,873	27,283,216,694

The annexed notes from 1 to 31 form an integral part of these financial statements.


DIRECTOR GENERAL (F&A)


SECRETARY

**BENAZIR INCOME SUPPORT PROGRAMME
RECONCILIATION OF ACTUAL EXPENDITURE ON CASH BASIS AND
ACTUAL EXPENDITURE ON ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Total
	2020	2020	2020	
-----Rupees-----				
Actual amounts on comparable basis	(243,289,097,642)	(3,164,303,381)	17,135,061,220	(229,318,339,803)
Basis differences	7,188,411,053	-	-	7,188,411,053
Timing differences	-	-	-	-
Entity difference	359,832,000	-	-	359,832,000
Presentation difference	224,319,248,891	559,765,038	-	224,879,013,929
Actual amounts in the statement of cash flow	<u>(11,522,901,698)</u>	<u>(2,604,538,343)</u>	<u>17,135,061,220</u>	<u>3,007,621,179</u>

- (i) Basis differences, which occur when the approved budget is prepared on the basis other than the accounting basis. i.e. where the budget is prepared on the cash basis or modified cash basis and the financial statements are prepared on the accrual basis;
- (ii) Timing differences, when the budget period differs from the reporting period reflected in the financial statements; and
- (iii) Entity differences, which occur when the budget omits programs or entities that are part of the entity for which the financial statements are prepared.
- (iv) Presentation differences, are due to differences in the format and classification approaches adopted for the presentation of the statement of cash flows and statement of comparison of budget and actual amounts.

The annexed notes from 1 to 31 form an integral part of these financial statements.


DIRECTOR GENERAL (F&A)


SECRETARY

**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF COMPARISON OF BUDGETED AND ACTUAL EXPENDITURE- (1/2)
FOR THE YEAR ENDED JUNE 30, 2020**

	Final budget (Cash Basis)	Actual Expenditure (Cash Basis)	Performance Variance	Reasons of Performance Variance
	2020	2020	2020	
	Rupees			
PROGRAMMES/INITIATIVES				
Un-conditional cash transfer to beneficiaries	228,863,031,688	228,667,468,000	195,563,688	
Waseela-e-Taleem	3,836,034,559	3,707,712,500	128,322,059	
Graduation Programme	310,930,000	-	310,930,000	
Waseela-e-Rozgar	44,000,000	-	44,000,000	
Mother & Child Health	1,599,440,000	1,599,446,836	(6,836)	
Undergraduate Scholarship Program	4,827,070,000	4,827,068,324	1,676	
	239,480,506,247	238,801,695,660	678,810,587	
DIRECT COST OF INITIATIVES				
Service charges	534,050,000	348,994,431	185,055,569	Finance Division each year announces cut-off date for "Surrender of Anticipated Savings" of Budget. The cut-off date for the year 2019-20 was May 15, 2020 and BISP surrendered Rs. 27,300 million with in due time. Therefore net budget performance variance is less than 5% as compared to Final Grant . However, variance greater than 5% is considered material regarding available saving.
Payments to Government for services rendered	101,400,000	2,262,765	99,137,235	
Consultancy / research and survey	77,070,000	170,442,855	(93,372,855)	
Payments to others for service rendered	215,800,000	146,541,234	69,258,766	
Administrative expense				
Advertising and publicity	28,000,000	19,412,361	8,587,639	
Employee related expenses	2,757,442,008	2,616,159,448	141,282,560	
Operating expenses	377,331,745	422,452,888,25	(45,121,143)	
ADB interest charges booked by EAD	-	761,136,000	(761,136,000)	
	4,091,093,753	4,487,401,982	(396,308,229)	
CAPITAL EXPENDITURE				
National Socio Economic Registry	2,519,950,000	2,526,249,123	(6,299,123)	
Expenditure on acquisition of assets	757,770,000	638,054,258	119,715,742	
	3,277,720,000	3,164,303,381	113,416,619	
Total original budgeted grant	246,849,320,000	246,453,401,023	395,918,977	
% of Difference Budget vs. Actual			0.16%	

Annual budget process is based on Budget Call Circular issued by the Finance Division to all Principle Accounting Officers (PAOs). In accordance with the policy priorities outlined by the Federal Government for service delivery (output), budget estimates are submitted by the BISP to Finance Division for onward seeking approval of the Federal Government. Approved budget for the FY 2019-20 for BISP was Rs. 246,849 million.

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**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF COMPARISON OF BUDGETED AND ACTUAL EXPENDITURE- (2/2)
FOR THE YEAR ENDED JUNE 30, 2020**

Finance Division each year announces cut-off date for "Surrender of Anticipated Savings" of Budget. The cut-off date for the year 2019-20 was May 15, 2020 and BISP surrendered Rs. 27,300 million with in due time. Therefore net budget performance variance is 0.16% for Final Grant vs. actual expenditure. However, variance greater than 5% is considered material.

BISP also prepares category wise budget on cash basis for the approval of BISP Board in accordance with Grant approved by the Federal Government, therefore, under IPSAS Budget (Grant announced by Federal Government) vs. actual expenditure on accrual basis for revenue and capital expenditure have been prepared for performance measurement.

Accounting basis for the budget (cash basis) differs from the basis applied to the financial statements i.e. accrual basis of accounting.

The annexed notes from 1 to 31 form an integral part of these financial statements.


DIRECTOR GENERAL (F&A)




SECRETARY

**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF COMPARISON OF ACTUAL EXPENDITURE (CASH BASIS) AND ACTUAL EXPENDITURE (ACCRUAL BASIS)- (1/2)
FOR THE YEAR ENDED JUNE 30, 2020**

	Actual	Actual	Performance	Reasons of Performance Variance
	Expenditure (Cash Basis) 2020	Expenditure (Accrual Basis) 2020	Variance 2020	
	Rupees			
PROGRAMMES/INITIATIVES				
Un-conditional cash transfer to beneficiaries	228,667,468,000	235,775,076,000	(7,107,608,000)	This variance is due to accrual based recording and pertains to de-credited/arrears payable for the respective period i.e. 2019-20. For UCT payment expenditure is recognized for all enrolled beneficiaries in the relevant period.
Waseela-e-Taleem	3,707,712,500	3,707,712,500	-	
Mother & Child Health	1,599,446,836	1,599,446,836	-	
Undergraduate Scholarship Programme	4,827,068,324	4,827,068,324	-	
	238,801,695,660	245,909,303,660	(7,107,608,000)	
DIRECT COST OF INITIATIVES				
Service charges	348,994,431	1,652,725,789	(1,303,731,358)	In accordance with contract service charges are paid after disbursement of funds from LMA-1 to LMA-2 on quarterly basis. Due to prospective penalty two quarterly service charges were not paid. Therefore, in accrual basis amount of service charges payable has been included in expenditure.
Consultancy / research and survey	170,442,855	174,695,309	(4,252,454)	Difference is due to recording expenditure in the period on accrual basis and paid subsequently.
Payments to Government for services rendered	2,262,765	2,262,765	-	
Payments to others for service rendered	146,541,234	146,541,234	-	
	668,241,285	1,976,225,097	(1,307,983,812)	
Administrative expense				
Advertising and publicity	19,412,361	22,317,344	(2,904,983)	Payments for the Year 2019-20 were made in 2020-21 while liability has been booked on accrual basis.
Employee related expenses	2,616,159,448	2,616,159,448	-	
Operating expenses	422,452,888	928,689,615	(506,236,726)	Liabilities have been booked for FY2019-20 and therefore accrued expenses are greater than cash expenses.
ADB interest charges booked by EAD	761,136,000	-	761,136,000	AGPR has recorded actual interest charges paid by EAD and therefore cash expenditure is greater than accrued expenses.
	3,819,160,697	3,567,166,406	251,994,291	

**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF COMPARISON OF ACTUAL EXPENDITURE (CASH BASIS) AND ACTUAL EXPENDITURE (ACCRUAL BASIS)- (2/2)
FOR THE YEAR ENDED JUNE 30, 2020**

	Actual	Actual	Performance	Reasons of Performance Variance
	Expenditure (Cash Basis) 2020	Expenditure (Accrual Basis) 2020	Variance 2020	
	Rupees			
CAPITAL EXPENDITURE				
National Socio Economic Registry	2,526,249,123	2,526,249,123	-	
Expenditure on acquisition of assets	638,054,258	78,289,220	559,765,038	The fixed assets costs have been transferred to the statement of financial position under relevant heads (Advances etc.) due to accrual basis of accounting.
	3,164,303,381	2,604,538,343	559,765,038	
Total original budgeted grant	246,453,401,023	254,057,233,507	(7,603,832,483)	The overall variance is due to recording accrued transactions.
Final grant	246,453,401,023	254,057,233,507	(7,603,832,483)	
% of Difference Budget vs. Actual			-3.09%	

The annexed notes from 1 to 31 form an integral part of these financial statements.


DIRECTOR GENERAL (F&A)


SECRETARY

**BENAZIR INCOME SUPPORT PROGRAMME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1 CORPORATE AND GENERAL INFORMATION

1.1 STATUS AND NATURE OF BUSINESS

Benazir Income Support Programme (BISP) is premier and largest social safety net programme of Pakistan. It is charged with the responsibility to provide financial assistance, other social protection and safety measures to economically distressed persons and families. BISP was established by the Federal Government under act of parliament and operates under the "Benazir Income Support Programme Act, 2010".

The head office of BISP is situated at F- Block, Pak Secretariat, Islamabad, Pakistan.

Objectives of the BISP are:

- To enhance financial capacity of the poor and their dependent family members;
- To formulate and implement comprehensive policies and targeted programs for the uplift of underprivileged and vulnerable people; and
- To reduce poverty and promote an equitable distribution of wealth especially for the low income groups.

Under BISP, Government of Pakistan (GoP) has been providing following initiatives for the poor:

a) The Unconditional Cash Transfers (UCT) Programme

The core Programme of BISP, was initiated in 2008. The short term objective of the Programme was to cushion the adverse impacts of the food, fuel and financial crisis on the poor but its broader objective is to meet the redistributive goals of the country by providing a minimum income support package to the chronically poor and those who are likely to be affected negatively by future economic shocks.

b) Waseela-e-Taleem Programme

Waseela-e-Taleem (WeT) was developed by BISP in consultation with all the Programme stakeholders of WeT Programme, a Co-responsibility Cash Transfer (CCT) Programme of BISP. CCT was initiated to support the primary education of 4 to 12 years old children of BISP beneficiary families for their enrolments and retention. Beneficiaries of approved districts receives approved rate of conditional cash assistance against each enrolled child subject to verification of their child admission and 70% attendance requirement till the completion of primary education.

c) Waseela-e-Rozgar Programme

BISP launched Waseela-e-Rozgar (WeR) for addressing the issues of poverty and

unemployment through 'Human Resource Development' in Pakistan. The Waseela-e-Rozgar an initiative was carried out by BISP from 2011 to Dec 2013. Waseela-e-Rozgar was designed as an exit strategy for BISP beneficiaries to come out of dependency syndrome of getting Rs. 5,000 per quarter. This Programme envisaged empowering the female beneficiary or her nominee to become economically independent through acquiring demand-driven vocational skills. The aim of the Programme was to arrange training programme in demand-driven trades in selected public and private institutions for professional development and self-sustainability of beneficiaries to improve their livelihood and earnings. WeR provided a free-of-cost vocational training to each beneficiary woman or her nominee (between the age of 18 and 45) from her own family. The Programme is mandated to train one nominee from each Unconditional Cash Transfer beneficiary household.

d) Waseela-e-Sehet Programme

BISP launched Health Insurance Scheme called "Waseela-e-Sehet Programme" in 2010 in Faisalabad district on pilot basis. The core objective of Waseela-e-Sehet pilot project was to protect the under-privileged and vulnerable population from economic consequences of potential health shocks and steer out of the catastrophic illnesses by providing social assistance through a health insurance. Subsequently for this purpose BISP signed agreement with State Life Insurance Company (SLIC) on December 23, 2010 to provide Group Life Insurance (GLI) cover amounting to Rs 100,000 to BISP beneficiaries in case of death of bread winner of the beneficiaries family. The initiative has been closed on the direction of BISP Board.

BISP signed an Agreement with State Life Insurance Company (SLIC) for provision of insurance services for a period of three (03) years subject to yearly extension based on satisfactory performance.

e) Waseela-e-Haq Programme

Waseela-e-Haq initiative was launched in September, 2009. It was initiated as one of the exit strategies of BISP. Under this initiative, interest free loan up to Rs. 300,000 was provided to the beneficiaries selected through random computerized ballot. The loan amount had to be returned in 15 years, from the date of disbursement of final instalment, with one year grace period.

The BISP Board in its 24th meeting held on November 03, 2015 on the recommendation of BISP management, decided to formally close the initiative.

f) Ehsaas Undergraduate Scholarship

BISP start program under the title of "Ehaas Undergraduate Scholarship" to provide the scholarship to the qualified students from low income families. Scholarship will include tuition fee, reimbursement as well as support for living expenses and/or a stipend to students from low income families, disadvantaged groups, and under-served regions to complete undergraduate studies (i.e. four-five year Bachelor Programs) in public sector Higher Education Institutions (HEIs) of Pakistan, Azad Jammu & Kashmir and Gilgit Baltistan. For the execution of this program BISP enter into agreement with Higher Education Commission(HEC).

The Higher Education Commission (HEC) will act as implementing partner for the execution of Ehsaas Undergraduate Scholarship. BISP and HEC will run the program for the five year i.e. from September 09, 2019 to September 08, 2024, during which the BISP will disburse funds to HEC as per amount approved in the annual budget .

g) Health & Nutrition Conditional Cash Transfer Program

BISP has engaged the World Food Programme (WFP) for the delivery of nutrition services in line project. The project will be piloted in 9 districts of the country. The selection of districts will be made in consultation with the Provincial Authorities keeping high stunting rate and health infrastructure situation in view with the condition that stunting rate of selected districts is higher than the national average.

The first 1,000 days of the child's life are a window to the opportunities to lay a strong foundation for later achievements. This timeframe is a period of enormous change characterised by the high degree of plasticity in the Child's neurological development. In order to address the stunting prevention during first 1,000 days window of opportunity. BISP has designed a Conditional Cash Transfer (CCT) intervention to accelerate the take up of health and nutrition services amongst its beneficiaries.

BISP will run this program in collaboration with World Food Programme for the duration from February 28, 2020 to December 31, 2022, during which BISP and WFP will contribute the fund to program amounting to Rs. 5,613 million and Rs. 233.244 million, respectively. The funds earmarked as "Benefit" are to be transferred to eligible beneficiaries as their entitlement, either in-kind or services. Upon project Closure, WFP will return any unutilised funds earmarked as "Benefits" to BISP along with associated operational cost.

h) Ehsaas Cash Assistance Package

Ehsaas Emergency Cash program has been planned in the context of the economic hardship being experienced by the vulnerable due to the ongoing coronavirus crisis. The currently stalled economic activity affects daily wage earners and piece-rate workers, the most. In addition, layoffs in the formal economy are pushing people below the poverty line. Within this context, the Ehsaas Emergency Cash initiative has been designed for simple and easy rollout, using the existing at-scale digital payment capacity of the Government of Pakistan, which has been developed within the Poverty Alleviation Division. A special cash assistance of Rs. 1,000 per month to the currently enrolled beneficiaries in addition to Rs. 2,000 per month. Cash assistance of Rs. 3,000 per month to additional categories with higher eligibility threshold. Cash assistance of Rs. 3000 per month to more families identified by district administration. The above assistance will be provided for a period of four months in one instalment.

1.2 The Government of Pakistan (GoP) allocated a single line budget in respect of Benazir Income Support Programme in the Federal Budget amounting to Rs. 180,000 million consisting of Rs.12,500 million of foreign component. A supplementary grant of Rs 94,149 million was allocated to BISP for Covid-19. Out of the total budgeted amount, Rs. 246,467 million (2019: Rs 110,036 million) has been amortized during the year against project expenditure and whereas Rs.657.58 million (2019: Rs. 1,632 million) is recognized against capital expenditure

and deferred revenue. The unutilized amount of Rs. 27,300 million were surrendered while Rs 382,513 million (2019: Rs. 240.782 million) at the year end lapsed.

The sanctioned grant includes funding from Government of Pakistan and foreign loan/grant from International Development Association (World Bank), DFID (Department for International Development) and Asian Development Bank (ADB).

2 BASIS OF PREPARATION

2.1 Reporting entity

These financial statements are for a Public Sector Entity (Government of Islamic Republic of Pakistan).

2.2 Statement of compliance

These financial statements have been prepared in accordance and compliance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB).

2.3 Basis of measurement

These financial statements have been prepared under historical cost convention using accrual basis of accounting, except for the statement of cash flow.

In 31st BISP Board meeting held on March 09, 2019, it was decided by the Board that proposal to change Accounting system from cash to accrual basis will be placed before Finance Committee. However, the subject of shifting BISP Accounting and Reporting method from Cash to Accrual Basis of Accounting and TORs for hiring of a Chartered Accountant firm for timely and efficient completion of this task was discussed in 5th Meeting of Finance Committee of BISP Board held on 15th April 2019. Moreover, in 32nd BISP Board meeting it was decided by the Board that parallel accounting system i.e cash and accrual will be maintained in BISP as soon as concurrence of AGP is obtained and the process of shifting to accrual basis may be expedited. In fact, letter to AGP was issued on 29th April 2019. AGP refers matter to Finance Division (FD). BISP issued letter in reply of FD queries on 3rd September 2019 but reply from Finance Division is still awaited.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is BISP's functional and presentation currency.



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified accumulated impairment loss, if any. Cost in relation to property and equipment comprises acquisition and other directly attributable costs. All other repair and maintenance cost are charged to statement of financial performance during the period in which they are incurred.

Depreciation is provided in note 4 so as to write-off the cost of property and equipment over their estimated useful life. Depreciation on additions to property and equipment is charged from the year in which property and equipment is acquired or capitalized while no depreciation is charged for the year in which property and equipment is disposed off. It is based on the following rates:

Assets	Estimated useful life	Depreciation methods
Plant and machinery	10 years	Straight line
Furniture and fixtures	10 years	Straight line
Computer equipment	3 years	Straight line
Vehicles	5 years	Straight line

Depreciation rates are based on the management's judgement of useful life and aligned with the industry best practices used widely.

The cost of replacement of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of financial performance.

Gain and loss on disposal of operating fixed assets is directly deposited in Federal Government Treasury.

3.2 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and that the cost of such asset can also be measured reliably. The amortization is provided over the estimated useful life using the straight line method. The estimated useful life for intangible asset classes is as follows:

Assets	Estimated useful life
Software	10 years

3.3 Work-in-progress

Work-in-progress are stated at cost less impairment losses (if any) and consist of expenditure incurred for Survey Payments to National Survey of Economic Registry (NSER). Transfers are made to intangible assets category as and when assets are ready for use.

3.4 Impairment of non financial assets

The entity assesses at each reporting date whether there is any indication that assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the estimated recoverable amount, assets are written down to the recoverable amount and the difference is charged to the statement of financial performance .

3.5 Receivables from non-exchange transactions

Receivables are recognized when a binding transfer arrangement is in place, but cash or other assets have not been received. Receivables from non exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that BISP will not be able to collect all amounts due according to the original terms of the receivables.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks held in Revolving Fund Accounts, Current Account and in Limited Mandate Accounts as LMA-1.

3.7 Foreign currency

Foreign currency monetary items are exchanged at the rate intimated by State Bank of Pakistan in the Statement of Financial Performance and non-monetary items, which have been entered in foreign currency at the historical cost price, are exchanged at the available spot rate on the transaction date. Differences arising from clearance or exchange of foreign currency monetary items are recognized as income or expense for the respective period.

3.8 Payables under non exchange-transaction

Payables under non exchange transactions are initially recognized at cost, which is the fair value of consideration to be paid in the future. As at reporting date, the trade and other payables are stated at amounts at which they are expected to be settled.

3.9 Contribution from the Government of Pakistan (GoP)

The contribution from the Government of Pakistan (GoP) is initially recognized as liabilities under as transfer arrangements. The amount of contribution utilized for revenue expenditure is recorded as transfers from GoP, or transferred to deferred revenue depending on the nature of

transaction. Un-spent contribution received in the Assignment Account lapses at the end of each fiscal year.

3.10 Revenue recognition

Revenue from non-exchange transactions

Revenue from non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Examples of non-exchange transactions include revenue from the use of sovereign powers (for example, direct and indirect taxes, duties, and fines), grants and donations.

Transfers revenue

Revenue from non-exchange transactions is measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, a grant liability is recognized instead of revenue.

Receipts by BISP consist of receipts from the Government of Pakistan (GoP) and Donors. The Entity recognizes receipts from funds allocated to the Programme by the Government of Pakistan (GoP) upon quarterly release by the Ministry of Finance and endorsement by Accountant General Pakistan Revenues (AGPR) as communicated to the National Bank of Pakistan. BISP recognizes receipts from Donor Agencies upon intimation by the State Bank of Pakistan to the National Bank of Pakistan of the amount credited in the assignment account of BISP, as in donor assignment accounts the funds released by the donors are being routed through State Bank of Pakistan by converting foreign currency in Pak Rupee as per State Bank of Pakistan's Revised Accounting Procedures 2013 for revolving fund accounts.

Income from non-exchange transactions are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

3.11 Liabilities under transfer arrangements

Loan/grants received from donors specifically for a particular project/purpose are recognized as liabilities under transfer arrangement and any unutilized balance is to be returned to Federal Government as per Financing Agreement with donor/lender. Therefore actual utilized portion is amortized during the year and any unspent balance at the year end is treated as liabilities under transfer arrangements.



3.12 De-credit of funds to Government of Pakistan

In accordance with BISP Board decision in case of no activity in beneficiaries account for 6-months, available balance is termed as "De-Credited". Banks transferred these balances into LMA-1 Accounts for onward depositing directly in the Government Treasury. At the end of year any available balance in LMA-1 is recognized as payable in Financial Statements and subsequently transferred to Government and liability is reduced. As per decision of the BISP Board, de-credited amount is to be re-credited/paid to eligible beneficiaries, therefore, provision is also created.

3.13 Deferred revenue

Grant funds utilized for capital expenditure are treated as "deferred revenue". Amount equal to the depreciation charged during the year is transferred to Statement of Financial Performance. Grant funds not utilized, if any, at the end of the reporting period are presented as "deferred revenue."

3.14 Contingencies

A contingent liability is disclosed when the entity has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or the entity has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.15 Financial instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. These are derecognized when BISP ceases to be the party to the contractual provisions of the instrument. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of financial performance.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

3.15.1 Financial assets

Financial assets are cash and balances with banks held at Assignment account, Limited Mandate Accounts, loans to beneficiaries and advances and other receivables. The financial assets are measured at amortized cost and fair value through surplus or deficit.

(a) Financial assets measured at amortized cost

Cash and bank balances

Cash and bank balances are carried at nominal amounts. It comprises of balances with banks in Revolving Fund Accounts (RFA), current account and Limited Mandate Accounts (LMA-1).

For beneficiaries related payments, funds from the Assignment Account/Revolving Fund Accounts are credited through cross checks in LMA-1 for onward disbursement in beneficiaries Accounts (LMA-2) within 5-working days in accordance with agreement with banks. Similarly, amount not drawn by beneficiaries within one year are returned back from LMA-2 to LMA-1. Year end balance (if any) available in LMA-1 is treated as cash & cash equivalent.

(b) Financial assets measured at fair value through surplus or deficit

Loans to beneficiaries

Interest-free loans to beneficiaries were provided under the Programme launched by BISP as Waseela-e-Haq. The Programme was launched in September 2009 to provide and enhance small business and entrepreneurship among the under privileged. Loans are repayable in fifteen (15) instalments. The initiative was closed in 2013, however recovery from beneficiaries is still underway. The loans are held at fair value through surplus or deficit in the financial statements as receivables against non-exchange transaction.

3.15.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include payable to beneficiaries under non-exchange transaction and service charges payable to Banks. Service charges payable to Bank are accounted for on accrual basis.

(a) Financial liabilities measured at amortized cost

Cash transfers to beneficiaries

Cash transfer to beneficiaries is recorded at the fair value considered to be paid to the beneficiaries against BISP Programmes.

3.16 Provisions

A provision is recognized in the statement of financial position when the entity has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.17 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal rates on the same terms and conditions as third party.

3.18 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires management to exercise its judgment in process of applying the entity's accounting policies, and use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:

a) Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

b) Provision for doubtful receivables

The carrying amount of loans to beneficiaries is assessed and if there is any doubt over the recoverability of these receivables, appropriate amount of provision is made.

c) Amortization of deferred revenue

Grants for property and equipment are recorded as deferred revenue in the statement of financial position and recognized as income on a systematic basis over the useful life of the respective item of operating fixed assets. Where as deposits and prepayments are amortized on the basis of year when the respective expense is accrued.

d) Contingencies

The Entity reviews the status of all the legal cases on regular basis. Based on expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

4 PROPERTY AND EQUIPMENT

	Note	2020 Rupees	2019 Rupees
Government of Pakistan funded assets	4.1	971,333,219	170,443,391
Donor funded assets	4.2	3,520,000	5,280,000
		<u>974,853,219</u>	<u>175,723,391</u>

4.1 Government of Pakistan funded assets

Description	Plant & Machinery	Furniture and fixtures	Computer equipment	Vehicles	Total
	-----Rupees-----				
Net carrying value basis					
Year ended June 30, 2020					
Opening book value	16,262,020	26,332,822	62,526,961	65,321,588	170,443,391
Additions - at cost	2,819,169	3,555,418	1,293,381,450	227,202	1,299,983,239
Depreciation	(4,769,283)	(6,484,866)	(471,176,334)	(16,662,928)	(499,093,411)
Closing net book value	14,311,906	23,403,374	884,732,077	48,885,862	971,333,219
Gross carrying value basis					
Year ended June 30, 2020					
Cost	47,786,831	81,687,613	1,653,401,020	194,213,464	1,977,088,928
Accumulated depreciation	(33,474,925)	(58,284,239)	(768,668,943)	(145,327,602)	(1,005,755,709)
Net book value	14,311,906	23,403,374	884,732,077	48,885,862	971,333,219
Net carrying value basis					
Year ended June 30, 2019					
Opening book value	16,424,269	19,908,669	37,637,336	2,296,728	76,267,002
Additions - at cost	4,334,517	13,931,586	67,433,331	81,173,500	166,872,934
Depreciation	(4,496,766)	(7,507,433)	(42,543,706)	(18,148,640)	(72,696,545)
Closing net book value	16,262,020	26,332,822	62,526,961	65,321,588	170,443,391
Gross carrying value basis					
Year ended June 30, 2019					
Cost	44,967,662	78,132,195	360,019,570	193,986,262	677,105,689
Accumulated depreciation	(28,705,642)	(51,799,373)	(297,492,609)	(128,664,674)	(506,662,298)
Net book value	16,262,020	26,332,822	62,526,961	65,321,588	170,443,391
Depreciation rate (years)	10	10	3	5	

4.2 Donor funded assets

INTANGIBLE ASSET

Net carrying value basis

Year ended June 30, 2020

	<u>Vehicles</u> <u>Rupees</u>	<u>Total</u> <u>Rupees</u>
Opening book value	5,280,000	5,280,000
Additions - at cost	-	-
Depreciation	<u>(1,760,000)</u>	<u>(1,760,000)</u>
Closing net book value	<u><u>3,520,000</u></u>	<u><u>3,520,000</u></u>

Gross carrying value basis

Year ended June 30, 2020

Cost	8,800,000	8,800,000
Accumulated depreciation	<u>(5,280,000)</u>	<u>(5,280,000)</u>
Net book value	<u><u>3,520,000</u></u>	<u><u>3,520,000</u></u>

Net carrying value basis

Year ended June 30, 2019

Opening book value	7,040,000	7,040,000
Additions - at cost	-	-
Depreciation	<u>(1,760,000)</u>	<u>(1,760,000)</u>
Closing net book value	<u><u>5,280,000</u></u>	<u><u>5,280,000</u></u>

Gross carrying value basis

Year ended June 30, 2019

Cost	8,800,000	8,800,000
Accumulated depreciation	<u>(3,520,000)</u>	<u>(3,520,000)</u>
Net book value	<u><u>5,280,000</u></u>	<u><u>5,280,000</u></u>

Depreciation rate (years)

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	Note	2020 Rupees	2019 Rupees
Non current receivables under non-exchange transactions			
Loans to beneficiaries against Waseela-e-Haq	7.3	2,122,057,416	2,131,679,541
		<u>20,842,092,353</u>	<u>12,345,630,189</u>

7.1 This represents the amount receivable from Government of Pakistan against the accumulated accrued expenses.

	Note	2020 Rupees	2019 Rupees
7.2 Transfers receivable from other government entities			
Receivable from State Life Insurance Company Limited (SLIC)	7.2.1	28,838,274	27,556,879
Balance with Pakistan Post Office	7.2.2	971,090,409	971,090,409
		<u>999,928,683</u>	<u>998,647,288</u>

7.2.1 BISP signed an agreement with SLIC on December 23, 2010 and provided an amount of Rs. 3.180 billion to SLIC for providing life insurance to beneficiaries family. The agreement expired on December 31, 2014. The unclaimed amount plus interest at a rate of 6-month Treasury Bills cut-off yield less 1.5% is receivable from the Service Provider.

7.2.2 This represents undisbursed amount by Pakistan Post Office to beneficiaries of Unconditional Cash Transfers and Conditional Cash Transfer through Pakistan Post Office using money order mode of payments.

7.3 This represent loans provided to beneficiaries selected through random computer ballot against Waseela-e-Haq, which is interest free loan up to Rs. 300,000. The loan amount has to be returned in 15 years, from the date of disbursement of final instalment, with one year grace period.

	Note	2020 Rupees	2019 Rupees
8 ADVANCES, DEPOSIT AND PREPAYMENT			
Advance to World Food Programme	8.1	1,599,446,836	-
Advances to vendor	8.2	544,590,006	-
Advance to HEC	8.3	4,807,106,874.00	-
Deposits and prepayments	8.4	27,879,845.46	25,255,159
Advances to regional offices		3,084,523	-
		<u>6,982,108,084</u>	<u>25,255,159</u>

- 8.1 This represents advance contribution disburse to World Food Programme against the " Implementation of Health & Nutrition Conditional Cash Transfer Programme to preventing stunting" Program
- 8.2 This represents advance given against the upgradation of Oracle and purchase of motorcycle amounting to Rs. 472.270 million and Rs. 72.319 million respectively.
- 8.3 This represents advance disbursement to Higher Education Commission for the implementation "Ehsaas Undergraduate Scholarship" Program.

	Note	2020 Rupees	2019 Rupees
8.4 Deposits and prepayments			
Prepaid rent		15,330,122	22,998,098
Other prepaid expenses		12,549,723	2,257,061
		<u>27,879,845</u>	<u>25,255,159</u>

9 BANK BALANCES

Current account - local currency:

Special Account with National Bank of Pakistan

Limited Mandate Account-1 (LMA-1)

Donation account

9.1	9,415,758,291	4,180,261,019
9.2	20,783,674,869	21,952,629,762
9.3	91,404,713	1,150,325,913
	<u>30,290,837,873</u>	<u>27,283,216,694</u>

9.1 Special Account with National Bank of Pakistan

Asian Development Bank (ADB - SPDP)
Department for International Development (DFID)

World Bank (WB)

Asian Development Bank (ADB SPDP-Addnl Fin)

3,908,000,820	4,046,936,837
2,019,005,106	106,688,476
64,086,272	26,635,706
3,424,666,093	-
<u>9,415,758,291</u>	<u>4,180,261,019</u>

- 9.1.1 Special account with National Bank of Pakistan also includes assignment account in which contribution from Government of Pakistan (GoP) is received on account of budget approved by GoP for fiscal year 2019-20 amounting to Rs.246.849 million.

Further, at the year end outstanding amount of Rs. 382.513 million lapsed from GoP Assignment Account.

	2020 Rupees	2019 Rupees
Unused GoP funds lapsed on July 01, 2020	382,513,471	240,781,584
Opening balance	240,781,584	254,520,658
Grant received from GoP	246,849,320,000	110,451,035,407
Lapsed during the year	-	(254,520,658)
Grant utilized for programme expenditure	(241,915,942,797)	(108,559,837,571)
Grant utilized for deferred expenditure	(4,791,645,315)	(1,650,416,252)
Closing balance	382,513,471	240,781,584

9.2 Limited Mandate Account-1

United Bank Limited	-	9,006,699,481
Tameer Bank Limited	-	5,841,415,564
Habib Bank Limited	-	5,856,592,939
Summit Bank Limited	-	1,109,609,524
Bank Alfalah Limited	-	138,309,715
Sindh Bank Limited	-	2,539
Habib Bank Limited	16,999,581,619	-
Bank Alfalah Limited	3,784,093,250	-
9.2.1	20,783,674,869	21,952,629,762

9.2.1 LMA-1 is a participating bank account maintained by BISP in commercial banks along with LMA-2, beneficiaries' bank accounts. The participating bank transfers instalments to individual beneficiary accounts (LMA-2) electronically within five (05) days of receiving funds in LMA-1 account.

	Note	2020 Rupees	2019 Rupees
9.3 Donation account			
Donation from China Foundation for Poverty Alleviation		24,159,475	24,159,475
Donation from Embassy of the People's Republic of China		2,000,000	2,000,000
Mr. Muzhair Hussain Nadeem		49,000	49,000
Donation from World Food Programme Recovery of Waseela-e-Haq loan & SLIC	9.3.1	22,899,586	206,423,888
Data Sharing receipts		789,562	917,693,550
Bank Guarantee - Waseela-e-Rozgar		1,061,646	-
		40,445,444	-
		91,404,713	1,150,325,913

9.3.1 This amount represents balance in Current Account (Donation Account) in National Bank of Pakistan against World Food Programme (WFP). This amount is categorized outside of BISP Budget and spend for the specific objective as per MoU with WFP to alleviate the suffering of drought-affected population in southern Sindh. WFP provided funds directly in BISP donation account for disbursement to BISP beneficiaries in tharparkar district to improve their food consumption in drought situation.

10 DEFERRED REVENUE	Note	2020 Rupees	2019 Rupees
Opening balance		2,761,475,444	1,196,245,377
Addition of fixed assets during the year:			
Government of Pakistan (GoP)	4.1	1,299,983,239	166,872,934
Donor-funded assets		-	-
		1,299,983,239	166,872,934
Add: addition of intangible assets	5	24,781,608	45,053,539
Add: addition of bank guarantees	9.3	40,445,444	-
Add: Work in Progress (NSER)		1,279,773,496	1,420,309,240
Add: Deposits and Prepayments		2,624,686	18,180,539
Add: Advances		2,147,121,365	-
Less : Amortized during the year			
Government of Pakistan (GoP)	4.1	(499,093,411)	(72,696,545)
Donor-funded assets	4.2	(1,760,000)	(1,760,000)
Intangible assets	5	(10,699,850)	(10,729,640)
		(511,553,261)	(85,186,185)
		7,044,652,021	2,761,475,444

10.1 This represents book value of assets received from World Bank, Department for International Development (DFID) and Government of Pakistan (GoP) during the year.

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11 LIABILITIES RECOGNIZED UNDER TRANSFER ARRANGEMENTS

	Opening balance	Amount received during the year	Expenditure recognized as transfers revenue	Capital Expenditure	Closing balance
-----Rupees-----					
2020:					
Department for International Development (DFID)	106,688,476	5,392,461,130	(3,480,144,500)	-	2,019,005,106
Asian Development Bank (ADB SPDP)	4,046,936,837	-	(138,936,017)	-	3,908,000,820
International Development Association- NSPP	26,635,706	285,033,299	(175,263,373)	(72,319,360)	64,086,272
Asian Development Bank (ADB)-addl fin	-	11,281,259,093	(7,856,593,000)	-	3,424,666,093
China Foundation for Peace and Development	26,208,475	-	-	-	26,208,475
World Food Programme	206,423,888	176,307,698	(359,832,000)	-	22,899,586
	4,412,893,382	17,135,061,220	(12,010,768,890)	(72,319,360)	9,464,866,352

2019:

Department for International Development (DFID)	1,484,512,446	3,037,734,100	(4,415,558,070)	-	106,688,476
Asian Development Bank (ADB)	3,704,098,073	1,877,704,802	(1,534,866,038)	-	4,046,936,837
International Development Association- NSPP	157,530,130	-	(130,894,424)	-	26,635,706
China Foundation for Peace and Development	26,208,475	-	-	-	26,208,475
World Food Programme	-	206,423,888	-	-	206,423,888
	5,372,349,124	5,121,862,790	(6,081,318,532)	-	4,412,893,382

11.1 Capital expenditure relates to the advance given against the purchase of motorcycles for the activities being carried out under NSER.

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	Note	2020 Rupees	2019 Rupees
12 PAYABLE UNDER NON-EXCHANGE TRANSACTION			
Current payables			
Payable to beneficiaries			
Payable against Unconditional Cash Transfer	12.1	35,582,436,892	29,613,163,771
Payable against Waseela-e-Taleem	12.2	386,882,000	390,452,016
Payable against Waseela-e-Rozgar	12.3	733,545,633	733,545,633
Payable to beneficiaries- EHSASS Undergraduate Programme		4,827,068,324	-
Payable against Waseela-e-Haq		2,123,908,624	2,133,250,575
		<u>43,653,841,473</u>	<u>32,870,411,995</u>
Consultancy / research and survey charges	12.4	-	411,290
Commission and service charges payable	12.5	2,687,830,679	1,384,099,321
Payable to GoP due from SLIC	12.6	28,838,274	943,679,395
Other payables	12.7	64,214,879	17,351,501
		<u>46,434,725,305</u>	<u>35,215,953,502</u>

12.1 Payable against Unconditional Cash Transfer

Limited Mandate Account 1 (LMA1) balances	12.1.1	20,783,674,869	21,560,506,444
Pakistan Post Office	12.1.2	971,090,409	971,090,410
Arrears payable post verification of beneficiaries		13,827,671,614	7,079,895,614
Payable to GoP against de-credit	25	-	1,671,303
		<u>35,582,436,892</u>	<u>29,613,163,771</u>

12.1.1 These balances are to be transferred into the beneficiary accounts after five (05) working days by the commercial bank as per procedure in vogue.

12.1.2 These balances are un-delivered money orders of beneficiaries through Pakistan Post Office.

	Note	2020 Rupees	2019 Rupees
12.2 Payable against Waseela-e-Taleem			
Limited Mandate Account-1 (LMA-1) balances		<u>386,882,000</u>	<u>390,452,016</u>
12.3 Payable against Waseela-e-Rozgar			
Payable to service providers	12.3.1	<u>733,545,633</u>	<u>733,545,633</u>

12.3.1 This relates to amount payable to fifty seven (57) Service Provider firms on account of training including various skill development opportunities and job oriented certificate courses to cater job market. The training was provided to 74,894 beneficiaries.

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	Note	2020 Rupees	2019 Rupees
12.4 Consultancy / research and survey charges payable			
Waseela-e-Taleem payable		-	411,290

12.5 Commission and service charges payable

Sources of payments:

Government of Pakistan Funds	12.5.1	2,687,830,679	1,384,099,321
12.5.1	This amount represent services charges payable to banks against disbursement to beneficiaries.		

	Note	2020 Rupees	2019 Rupees
12.6 Payable to GoP due from SLIC			
Interest income received against Waseela e Sehat	12.6.1	28,838,274	943,679,395

12.6.1 This represents interest income on amount due from State Life Insurance Company Limited for the year ended June 30, 2020. The interest is receivable at a rate of 6-month Treasury Bills cut-off yield less 1.5%. This interest is routed through BISP books of accounts and finally deposited into Federal Government Treasury, therefore it has been classified as payable to GoP.

	2020 Rupees	2019 Rupees
12.7 Other payables		
Payable to employees	13,881,276	13,693,568
Accrued expenses	48,184,628	1,929,714
Income tax payable	2,148,975	1,728,219
	<u>64,214,879</u>	<u>17,351,501</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 The NSER Wing of BISP engaged M/s AASA and M/s SEBCOM in the financial year 2017-18 for the Pilot Phase of Original and Additional Door to Door Survey. Payments were made pertaining to survey firms for the pilot phase being the final deliverable of Completion Report, which is linked with the report of Operations Review (OR) firm Spot Checks for acceptance. The OR firm has completed Spot Check activity for coverage and reported a high number of discrepancies. The results of Tracer/Coverage Error Report of new OR firm were intimated to survey firm with the request to rectify the coverage error which has not been rectified as yet. BISP has time and again

requested the survey firm with supporting GIS maps using the GPS coordinates furnished by Survey firm to rectify the coverage error to no avail. However, the firms have not yet agreed to rectify/ redo the survey and are disputing the findings.

- 13.1.2 There are various cases by ex-employees and existing employees which are being contested in the Courts of law at different levels. The management is of the view that these relate to normal course of business and are not likely to result in any liability against the entity. The estimate of contingent amount against these cases cannot be determined with certainty.
- 13.1.3 There are multiple ongoing cases related to payment of outstanding dues to the nine service providers for providing trainings to the selected beneficiaries of BISP under Waseela e Rozghar which include an estimated amount of Rs. 246.851 million along with markup of 12%, fee spent on arbitration and lawyer. The cases were decided in favour of the service providers by the Honorable Islamabad High Court. Further, the management of BISP has decided to file Civil Petition for Leave to Appeal (CPLA) in Supreme Court of Pakistan.
- 13.1.4 The plaintiff, Evernew Concepts (Private) Limited doing business as an advertising company filed the instant suit for recovery of outstanding amount of Rs. 246.851 million- in respect of services that to publicize different projects of BISP. The case is pending for further proceedings in Civil Court Lahore.
- 13.1.5 BISP has not conducted the recertification of BISP beneficiaries since 2011 till the year end as per requirement of BISP Operational Manual, Section C, Sub-section 2, which requires to conduct recertification at end of four years period to ensure beneficiaries eligibility criteria. However, the Chairperson of BISP requested NADRA to conduct profiling of BISP beneficiaries dated December 19, 2019. Based upon the survey, out of 5.1 million beneficiaries NADRA identified 820,165 as ineligible and fraudulently claiming cash handouts from the scheme, resultantly assistance to them was immediately blocked. Further, the management has forwarded the requests to various departments to initiate the investigation process regarding recovery/proceedings on case to case basis. However, at year end Federal Investigation Agency (FIA) has recovered Rs. 195.123 million from government servants of BS-17 & above their spouses who were BISP beneficiaries. Similarly, BISP has recovered Rs. 5.118 million out of Rs. 23.506 million from its employees.
- 13.1.6 The plaintiff, Mr. Jauhar Saleem (owner of House No. 58, Embassy Road, Sector G-6/4, Islamabad) filed the instant suit for recovery of Rs. 17.320 billion on account of arrears of rent, repair of building, missing of equipment installed in building from BISP in respect of his house leased out to BISP in October, 2009 for the period of 4 years. The case is pending for further proceedings in Civil Court West Islamabad.
- 13.1.7 M/S AHLN worked with BISP in 16-Districts of Southern Punjab for BISP National Socio Economic Survey; subject Contract expired on 30th June, 2016 but BISP forfeited the retention amount of Rs. 126.715 million on non submission of final report i.e. Project completion report with approval of competent authority. The case is pending for further proceedings in Civil Court West Islamabad.

13.2 Commitments

The Entity has no capital commitment as at June 30, 2020.

	Note	2020 Rupees	2019 Rupees
14	TRANSFER FROM GOVERNMENT		
	9.1.1	<u>237,333,526,176</u>	<u>110,035,863,310</u>

- 14.1 The Government of Pakistan (GoP) allocated a single line budget in respect of Benazir Income Support Programme in the Federal Budget amounting to Rs. 180,000 million consisting of Rs.12,500 million of local component. A supplementary grant of Rs 94,149 million was allocated to BISP for Covid-19. Out of the budgeted amount, Rs. 246,467 million (2019: Rs 110,036 million) has been amortized during the year against project expenditure and whereas Rs.657.58 million (2019: Rs. 1,632 million) is recognized against capital expenditure and deferred revenue. The unutilized amount of Rs. 27,300 million were surrendered while Rs 382,513 million (2019: Rs. 240.782 million) at the year end lapsed.

	Note	2020 Rupees	2019 Rupees
15	TRANSFERS FROM OTHER THAN GOVERNMENT ENTITIES		
	15.1	175,263,373	130,894,424
	15.2	3,480,144,500	4,415,558,070
	15.3	138,936,017	1,534,866,038
	15.4	7,856,593,000	-
		359,832,000	-
	11	<u>12,010,768,890</u>	<u>6,081,318,532</u>

- 15.1 The World Bank vide their project namely National Social Protection Program (NSPP) signed Financing agreement with Govt. of Pakistan on March 30, 2017 and has committed US\$ 100 million credit from IDA Scale-Up Facility (SUP). The Project aims to support the Government of Pakistan through BISP for:

- Program for Results (PforR) an amount of US\$ 90 million by making disbursements against the key results as part of the government's program.

- An Investment Project Financing (IPF) an amount of US\$ 10 million to finance critical areas to achieve the quality of results.

Total withdrawals amounting to Rs. 4,097,645,432, out of which Rs. 210,727,400 received (3,886,918,032 as loan installments through GoP.

- 15.2 The Department For International Development (DFID) provides donation to Government of Pakistan to be paid through BISP for disbursement to beneficiaries. The donation is conditional upon the number of beneficiaries being disbursed with the funds by BISP.

- 15.3 The Asian Development Bank (ADB) signed Agreement No. 3049-PAK (SF) for the project title "Social Protection Development Project" on November 13, 2013 to lend the Government of Pakistan of Special Drawing Rights SDR 283,776,000. This loans carries interest at the rate of two percent per annum during the grace period and thereafter, on the amount of the loan withdrawn from the Loan Account and outstanding from time to time. The loan is payable by the Federal Government (BISP), in consideration of ADB entering into Loan Agreement with Government of Pakistan, has agreed to undertake the obligations as executing/project agency set forth in Project Agreement dated November 25, 2013.
- 15.4 The Asian Development Bank (ADB) signed Agreement No. 3837-PK for 'Social Protection Development Project-Additional Financing on October 11, 2019 to lend the Government of Pakistan
- 15.5 BISP signed a Memorandum of Understanding (MOU) with WFP last year under which WFP provided funds for cash transfer to BISP supported household in Tharparker district to improve their food consumption in the drought situation. In account of which the BISP has paid amount of Rs.1000 per beneficiary to th total of 359,832 beneficiaries in district Tharparkar, Sindh.

(" Borrower") for an amount of USD 200 million. The objective of Social Protection Development Project-Additional Financing is to finance additional activities under the initial project and to increase resilience for BISP female beneficiaries and their families.

	Note	2020 Rupees	2019 Rupees
16 CONSULTANCY / RESEARCH AND SURVEYS			
Individual Consultants	16.1	174,695,309	127,363,018
Consultancy charges for Waseela-e-Taleem implementing partner firms and other vendors	16.2	146,541,234	383,556,808
Consultancy charges for monitoring and evaluation		2,600,000	99,407,210
	16.3	<u>323,836,543</u>	<u>610,327,036</u>

- 16.1 BISP has hired consultants under para 14 of Project Appraisal Documents (PAD) under the World Bank Financing agreement to provide technical assistance in the areas of project coordination, monitoring & evaluation, training, MIS, IT, financial management, procurement and communications. The amount represent remuneration paid to consultants.
- 16.2 This represents payment to Aurat Publication and Information Service Foundation and MM Pakistan (Private) Limited against evaluation report of Waseela-e-Taleem Programme agreed on January 01, 2017. This also includes payments to consultants and vendors.

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	2020 Rupees	2019 Rupees
16.3 Sources of payments:		
Government of Pakistan Funds	143,860,524	482,964,018
Department For International Development	-	-
-International Development Association -		
Technical Assistance	168,385,002	127,363,018
Asian Development Bank	11,591,017	-
	<u>323,836,543</u>	<u>610,327,036</u>

	Note	2020 Rupees	2019 Rupees
17 COMMISSION AND SERVICE CHARGES			

Sources of payments:

Government of Pakistan Funds	17.1	<u>1,652,725,789</u>	<u>3,367,113,626</u>
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- 17.1 BISP has engaged banks and Pakistan Post Offices for disbursement of funds to the beneficiaries. Under various agreements with partner banks, BISP pays service charges ranging from 2% to 2.75% of disbursed amount to partner banks/post office. BISP has also paid services charges to NADRA for verification of CNIC of beneficiary, data entry and operational charges of NADRA counter in tehsil offices. Details of charges are as follows:

	2020 Rupees	2019 Rupees
Commission and service charges paid to:		
United Bank Limited	-	1,059,114,033
Tameer Microfinance Bank Limited (TMFB)	-	809,443,613
Bank Alfalah Limited	637,669,339	664,036,381
Habib Bank Limited	1,015,053,249	608,502,397
Summit Bank	-	160,158,328
Pakistan Post Office	-	21,428,738
Sindh Bank Limited	-	28,438,863
National Database & Registration Authority	3,201	15,991,273
	<u>1,652,725,789</u>	<u>3,367,113,626</u>

18 OPERATING EXPENSES

Salaries and wages	2,616,159,448	2,299,467,170
Rent and other services	128,392,459	86,250,759

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	Note	2020 Rupees	2019 Rupees
Depreciation	4.1 & 2	500,853,411	74,456,544
Contribution and subscription		82,002,933	75,309,551
Communication charges		52,828,354	19,056,189
Printing and stationery		45,179,594	56,517,125
Travelling allowance		28,800,729	29,080,868
Utilities		22,275,507	28,123,745
Advertisement		22,317,344	4,741,135
Travelling charges		12,383,828	1,446,963
Amortization	5	10,699,850	10,729,640
Repair and maintenance		8,786,859	27,052,417
Trainings		3,746,138	857,794
Newspapers, periodicals and books		1,192,974	977,267
Office supplies		483,692	1,829,002
Entertainment		463,944	1,143,784
Transportation of goods		254,144	252,820
Auditor remuneration		3,399,520	-
Finance charges		161,786	68,431
Other expenses	18.1	29,046,657	11,099,340
		<u>3,569,429,172</u>	<u>2,728,460,544</u>

18.1 Other expenses comprise miscellaneous expenses incurred in the Head Quarter, Regional, Divisional and Tehsil Offices of BISP.

	Note	2020 Rupees	2019 Rupees
19 UNCONDITIONAL CASH TRANSFER TO BENEFICIARIES			
Transfer to beneficiaries		229,027,300,000	104,641,630,301
Arrears payable post verification of beneficiaries		6,747,776,000	1,653,424,881
	19.1	<u>235,775,076,000</u>	<u>106,295,055,182</u>
19.1 Programme-wise transfers:			
Regular unconditional cash transfer		98,849,104,000	106,295,055,182
Ehsaas Emergency Package		131,479,444,000	-
IMF - One off special generation		5,086,696,000	-
WFP-tharparkar project		359,832,000	-
		<u>235,775,076,000</u>	<u>106,295,055,182</u>
19.2 Sources of cash transfer:			
Government of Pakistan		220,683,530,000	98,691,206,193
Department for International Development		-	4,415,558,070
Asian Development Bank		127,345,000	1,534,866,038
Asian Development Bank - Addnl. Financing		7,856,593,000	-
World Food Programme		359,832,000	-
	19.3	<u>229,027,300,000</u>	<u>104,641,630,301</u>

	Note	2020 Rupees	2019 Rupees
19.3 Modes of payments to beneficiaries:			
Benazir Debit Card (BDC)	19.3.1	-	26,763,726,913
Money Order	19.3.2	-	2,166,272,482
Biometric Verification System (BVS)	19.3.3	229,027,300,000	75,711,630,906
	19.3.4	<u>229,027,300,000</u>	<u>104,641,630,301</u>

19.3.1 BISP had agreed with six (06) Partner Banks for provision of services to beneficiaries enabling them to withdraw their quarterly installments. The quarterly installments were withdrawn through Benazir Debit Card for the BISP beneficiaries.

19.3.2 The payment through Pakistan Post Office represents payments to those beneficiaries which were not upgraded to Alternate Payment Mode (APM). The disbursement was made through money orders via Pakistan Post only in those districts where there was no APM in operation.

19.3.3 This amount represents payment through Biometric Verification System to the beneficiary enabling them to withdraw their quarterly installment from any authorized franchise/ sales and service center.

19.3.4 Under Unconditional Cash Transfer Program, payment of Rs. 2,000 (2019: Rs. 5,000 per quarter) per beneficiary on monthly basis is made to each beneficiary. Total number of beneficiaries covered under this program are 5.300 million (2019: 5.089 million) as per BISP record.

	Note	2020 Rupees	2019 Rupees
20 CASH TRANSFER TO BENEFICIARIES UNDER WASEELA-E-TALEEM			
Sources of cash transfer:			
Government of Pakistan		227,568,000	3,165,711,639
Department For International Development		3,480,144,500	-
	20.1	<u>3,707,712,500</u>	<u>3,165,711,639</u>

20.1 Under this Waseela-e-Taleem, payment of Rs. 750 per quarter per child is made to the eligible beneficiary for her children of age of 4 to 12 years. The eligibility of child is conditional upon the age of 4 to 12 years at the time of admission and seventy percent attendance in the school thereafter. The maximum age limit of child for payment is 15 years.

		2020 Rupees	2019 Rupees
20.2 Modes of payments to beneficiaries:			
Benazir Debit Card (BDC)		-	418,506,750
Payment through Pakistan Post Office		-	42,105,750
Biometric Verification System (BVS)		3,707,712,500	2,705,099,139
		<u>3,707,712,500</u>	<u>3,165,711,639</u>

	Note	2020 Rupees	2019 Rupees
21 CASH TRANSFER TO BENEFICIARIES UNDER WASEELA-E-SEHAT			
Payment through Service Provider - SLIC	21.1	-	35,700,000

21.1 This represent payment to 357 families made by State Life Insurance Corporation (SLIC) to BISP beneficiaries families to the extent of insurance coverage i.e. Rs. 100,000 per family (on death of the bread winner of the family member) from CCRA Account established for BISP in SLIC.

	2020 Rupees	2019 Rupees
22 CASH TRANSFER TO HEC UNDER EHSAS SCHOLARSHIP		
Payment to HEC for undergraduate scholarship	4,827,068,324	-

23 TRANSACTION WITH RELATED PARTIES

Related party transactions represent transactions with the Government of Pakistan. Transaction with related parties during the year are as follows:

Nature of transactions	2020 Rupees	2019 Rupees
Government of Pakistan		
Contributions received	246,849,320,000	110,451,035,407
Lapsed funds at the end of the year	(382,513,471)	(254,520,658)

Balances at the year end are presented in respective notes.

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24 REMUNERATION OF KEY MANAGEMENT PERSONNEL

All of the key management personnel are Government employees assigned to the Entity on deputation and the aggregate amount charged in the financial statements for remuneration are as per the terms of employment. Moreover, during the financial year no compensation was given to any BOD members.

25 SUMMARY OF BANK WISE DE-CREDITED AMOUNT AND THEIR PAYMENTS TO GOVERNMENT TREASURY

Partner Banks	De-credited funds as	De-credited funds	Total De-credited	Payment to	Balance with
	at July 01, 2019	during the year	funds	Government Treasury by Partner Banks	Partner Banks at June 30, 2020
Bank Alfalah Limited	276,950	566,490,454	566,767,404	566,767,404	-
Habib Bank Limited	-	1,675,521,948	1,675,521,948	1,675,521,948	-
Sindh Bank Limited	-	19,260,432	19,260,432	19,260,432	-
Summit Bank Limited	-	180,714,353	180,714,353	180,714,353	-
Tameer Bank Limited	1,394,353	536,037,659	537,432,012	537,432,012	-
United Bank Limited	-	351,467,946	351,467,946	351,467,946	-
	1,671,303	3,329,492,792	3,331,164,095	3,331,164,095	-

Rupees

25.1 This represents amounts remaining in the beneficiary accounts marked as "De-Credited" if there is no withdrawal for the period of 6-months. Funds held in respect of "De-Credited" accounts are deposited directly in the Government Treasury by the partner banks.

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26 FINANCIAL ASSETS AND LIABILITIES

The Entity's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

Description	2020			
	Interest/mark up bearing		Non interest	
	Total	Maturity up to one year	Maturity after one year	Sub total / mark up bearing
Rupees				
Financial assets				
Carried at fair value through surplus or deficit				
Receivables from non-exchange transaction	20,842,092,353	-	-	20,842,092,353
Carried at amortized cost				
Cash and bank balances	30,290,837,873	-	-	30,290,837,873
	51,132,930,226	-	-	51,132,930,226
Financial liabilities				
Carried at amortized cost				
Payable under non-exchange transaction	46,434,725,305	-	-	46,434,725,305
	46,434,725,305	-	-	46,434,725,305
On SOFP gap	4,698,204,921	-	-	4,698,204,921
Off SOFP item				
Financial commitment	-	-	-	-
Total gap	4,698,204,921	-	-	4,698,204,921

Effective interest rate has been mentioned in the respective note.

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27 FINANCIAL INSTRUMENTS

The Entity has exposure to the following risks from the use of its financial instruments:

- Credit risk
- Liquidity risk
- Market Risk

This note presents information about the Entity's exposure to each of the above risks, the Entity's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

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

The Entity's risk management policies are established to identify and analyze the risks faced by the Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Entity's activities. The Entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Entity oversees how management monitors compliance with the Entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Entity.

27.1 Credit risk

Credit risk is the risk of financial loss to the Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposures. The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Receivables from non-exchange transaction	20,842,092,353	12,345,630,189
Bank balances	30,290,837,873	27,283,216,694
	<u>51,132,930,226</u>	<u>39,628,846,882</u>

The Entity's management considers that all the above financial assets are not impaired and are of good credit quality. The management continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Entity believes that it is not exposed to any major concentration of credit risk.

27.2 Liquidity risk

Liquidity risk is the risk that the Entity will not be able to meet its financial obligations as they fall due. The Entity'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, without incurring unacceptable losses or risking damage to the Entity's reputation. The following are the contractual maturities of financial liabilities, excluding the impact of netting agreements, if any:

	Carrying amount	Contractual cash flows	Six months	Six to twelve	Two to five
	----- Rupees -----				
June 30, 2020					
Financial liabilities					
Payable under non-exchange transaction	28,838,274	28,838,274	-	28,838,274	-
June 30, 2019					
Financial liabilities					
Payable under non-exchange transaction	943,679,395	28,838,274	-	28,838,274	-

27.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Entity is not exposed to any market risk.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The carrying values of all financial assets and liabilities reflected in the financial statements

approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IPSAS 41. The carrying amount of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Entity for similar financial instruments.

30-Jun-20		June 30, 2019	
Carrying amount	Fair value	Carrying amount	Fair value

----- Rupees -----

Asset at fair value through surplus or deficit

Receivables from non-exchange transaction	20,842,092,353	20,842,092,353	12,345,630,189	12,345,630,189
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Assets carried at amortized cost

Bank balances	30,290,837,873	30,290,837,873	27,283,216,694	27,283,216,694
	<u>39,628,846,883</u>	<u>39,628,846,883</u>	<u>36,171,615,926</u>	<u>36,171,615,926</u>

Liabilities carried at amortized cost

Payable under non-exchange transaction	46,434,725,305	46,434,725,305	35,422,377,390	35,422,377,390
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29 FUNDS MANAGEMENT

The Board of Directors of the Entity monitors the performance along with the fund required for the sustainable operations and that the Entity is not subject to externally imposed fund requirements.

30 NUMBER OF EMPLOYEES

The number of permanent employees as at year end were 2,008 (2019: 2,111) and average number of employees during the year were 2,005 (2019: 176).

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements are authorized for issue on 02 MAR 2022 by the Board of Directors of the Entity.


DIRECTOR GENERAL (F&A)


SECRETARY