



FINANCIAL STATEMENTS OF
BENAZIR INCOME SUPPORT PROGRAMME
FOR THE YEAR ENDED
JUNE 30, 2019

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

The Board of Directors,
Benazir Income Support Programme.

March 01, 2021
BDO/AUD/279/2021

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Dear Sirs,

We have completed the audit of your Programme's financial statements for the above referred year and are pleased to enclose herewith three copies of the draft financial statements together with our draft audit report thereon duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by the Board and signed on their behalf by the Secretary and Director General Finance and Accounts and on receipt/review of the following:

- (a) Letter of representation addressed to us on behalf of the Board of Directors and signed by the Principal Accounting Officer and Director General Finance and Accounts as per draft provided by us;
- (b) Board of Directors' resolutions in respect of following:
 - Addition in property, plant and equipment amounting to Rs. 166.872 million.
 - Addition in intangible amounting to Rs. 45.053 million.
 - Addition in work-in-progress amounting to Rs. 1,420.309 million.
 - Adoption of accrual basis of accounting under IPSAS.
- (c) Grant confirmation from the following donors for the period from July 01, 2018 to June 30, 2019.
 - Ministry of Finance
 - Department for International Development (DFID)
 - Asian Development Bank (ADB)
- (d) Bank confirmations of the following banks:
 - National Bank of Pakistan
 - United Bank Limited
 - Tameer Bank Limited
 - Summit Bank Limited
 - Bank Alfalah Limited
- (e) Balance confirmations from the following service providers for the period from July 01, 2018 to June 30, 2019

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- State Life Insurance Corporation
- Pakistan Post Office

Our observations on this set of financial statements are as follows:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Programme's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Programme and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. CHANGE IN ACCOUNTING FRAMEWORK

The entity had previously presented financial statements based on cash basis of accounting under International Public Sector Accounting Standards (IPSAS). During the period, as recommended by the Board, the entity has decided to adopt accrual basis of accounting under IPSAS to provide reliable and more relevant information about the effects of transaction, other events, and conditions on the Entity's financial position, financial performance or cash flows. We have inserted emphasis of matter paragraph in our audit report in respect of this matter.

3. WORLD FOOD PROGRAMME (WFP)

BISP has signed a Memorandum of Understanding (MoU) with WFP under which WFP will provide funds for cash transfer to BISP supported households in Tharparker district to improve their food consumption in drought situation. The funds for this purpose have been routed through BISP's donation account, however, the funds cannot be used by BISP for their own projects financed by the Federal Govt. through annual budgetary allocation. Consequently, the outstanding amount at year end has been disclosed as payable to WPF in the financial statements. Please confirm that this in order.

4. WASEELA-E-ROZGAR

We have observed that an amount of Rs. 733.546 millions is payable against Waseela-e-Rozgar which is overdue for over six years now. The amount represents claims by 57 service providers for provision of training services to beneficiaries families. We recommend that the management should pay/adjust this amount after proper scrutiny and securing necessary approval.

5. INELIGIBLE BENEFICIARIES REMOVAL

We have noted that 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 year period to ensure beneficiaries eligibility criteria. However, as disclosed in note 28 to the financial statements, subsequent to the year end, dated December 19, 2019, the Chairperson of BISP requested NADRA to conduct profiling of BISP beneficiaries. 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. Therefore at this stage the amount of recovery cannot be ascertained. Please confirm that this is in order.

We have inserted emphasis of matter paragraph in our audit report in respect of this matter.

6. GENERAL

We have not been provided with confirmation certificate in respect of year end balances of donors and service providers. We have performed alternative tests to confirm the status of closing balances. We recommend that at least yearend balance confirmation should be obtained from the donors and service providers to confirm that books of accounts reflect the correct position.

7. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments as on the date of the financial statements, other than those disclosed in the notes to the financial statements.

8. RELATED PARTY TRANSACTIONS

We have been informed by the management that there are no transactions with the related parties, other than those disclosed in the notes to the financial statements.

9. COMPLIANCE WITH STATUTORY LAWS AND REGULATIONS

We have been informed by the management that there were no instances of non-compliance with statutory laws and regulations, other than reported above that would have financial impact. Kindly confirm the management representation.

10. FRAUD AND ERROR

We have been informed by the management that there was no case of fraud and error other than as stated in point 5 (Ineligible beneficiaries removal) that has been brought to their knowledge during the period. Kindly confirm the representations made by the management.

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We wish to place on record our appreciation for the courtesy and cooperation extended to us during course of our audit.

Yours faithfully,

BDO EBRAHIM & CO.

Enclosed as above

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, 2019, 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, the 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 the following matters:

1. Note 1.3 of the financial statements which states that previously, the BISP Management had presented its financial statements based on cash basis of accounting under International Public Sector Accounting Standards (IPSAS). The financial statement of the Programme under cash basis of accounting for the year ended June 30, 2018 were audited by another firm of Chartered Accountants, who had expressed an unqualified opinion vide their report dated July 30, 2019. During the year, on recommendation of Board, management has adopted accrual basis of accounting and prepared its financial statements on accrual basis of accounting under IPSAS. Therefore, comparative information presented in their financial statements is unaudited and is based upon the record provided by the management.
2. Note 29 of the financial statements which states that during the year 2010-11, a survey was conducted based on which poverty score of 16.17 was established based on Proxy Mean Test (PMT) for eligibility of beneficiaries. As per BISP Operational Manual, Section C, sub section 2, recertification was required at the end of four years period to ensure beneficiaries eligibility

criteria which was not conducted till the year end. However, subsequent to the year end, NADRA conducted the profiling of BISP beneficiaries upon request of Chairperson of BISP and identified 820,165 out of 5.1 million beneficiaries as ineligible whose assistance was blocked immediately. Further, the management has forwarded the requests to various departments to initiate the investigation process regarding recovery/proceedings on case to case basis. Therefore at this stage the amount of recovery cannot be ascertained.

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.

Other Matter

The financial statements of Benazir Income Support Programme for the year ended June 30, 2018 were audited by another firm of Chartered Accountants under cash basis of accounting, who had expressed an unqualified opinion vide their report dated July 30, 2019.

ISLAMABAD

DATED: 02 APR 2021


Abdul Qadeer
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Qadeer

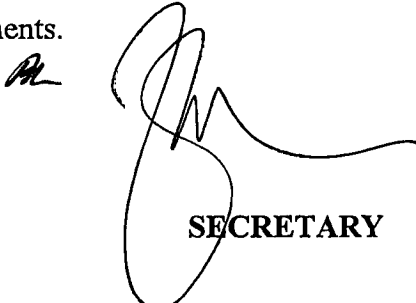
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**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees (Unaudited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	175,723,391	83,307,002
Intangible asset	5	59,287,031	24,963,132
Work-in-progress	6	2,501,209,864	1,080,900,624
Receivables from non-exchange transaction	7	2,131,679,541	2,140,529,996
		<u>4,867,899,827</u>	<u>3,329,700,754</u>
CURRENT ASSETS			
Receivables	7	10,239,205,807	9,010,813,547
Cash and bank balances	8	27,283,216,694	25,027,347,003
		<u>37,522,422,501</u>	<u>34,038,160,550</u>
TOTAL ASSETS		<u><u>42,390,322,328</u></u>	<u><u>37,367,861,304</u></u>
FUND AND LIABILITIES			
FUND AND RESERVES			
Accumulated surplus		-	-
NON-CURRENT LIABILITIES			
Deferred revenue	9	2,761,475,444	1,196,245,377
Liabilities recognized under transfer arrangements	10	4,206,469,494	5,372,349,124
		<u>6,967,944,938</u>	<u>6,568,594,501</u>
CURRENT LIABILITIES			
Payable under non-exchange transaction	11	35,422,377,390	30,799,266,803
TOTAL EQUITY AND LIABILITIES		<u><u>42,390,322,328</u></u>	<u><u>37,367,861,304</u></u>
CONTINGENCIES AND COMMITMENTS	12	-	-

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, 2019**

	Note	2019 Rupees	2018 Rupees (Unaudited)
REVENUE FROM NON- EXCHANGE TRANSACTIONS			
Transfers from Government	13	110,035,863,310	104,891,141,925
Transfers from other than Government entities	14	6,081,318,532	7,386,609,499
Amortization of deferred revenue	9	85,186,185	56,237,446
		<u>116,202,368,027</u>	<u>112,333,988,870</u>
EXPENSES			
General and operating expenditure			
Consultancy / research and surveys	15	610,327,036	408,814,314
Commission and service charges	16	3,367,113,626	2,474,190,851
Operating expenses	17	2,728,460,544	2,590,338,902
		<u>6,705,901,206</u>	<u>5,473,344,067</u>
Project expenditure			
Unconditional cash transfer to beneficiaries	18	106,295,055,182	103,427,853,108
Cash transfer to beneficiaries under Waseela-e-Taleem	19	3,165,711,639	3,404,122,695
Cash transfer to beneficiaries under Waseela-e-Sehat	20	35,700,000	28,669,000
		<u>109,496,466,821</u>	<u>106,860,644,803</u>
		<u>116,202,368,027</u>	<u>112,333,988,870</u>
SURPLUS FOR THE YEAR		<u>-</u>	<u>-</u>

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

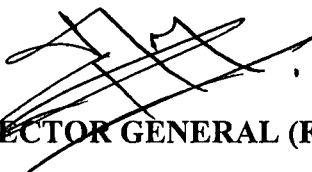

DIRECTOR GENERAL (F&A)


SECRETARY


**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF CHANGES IN FUND AND RESERVES
FOR THE YEAR ENDED JUNE 30, 2019**

	Accumulated surplus	Total
	Rupees	
Balance as at July 01, 2017 (unaudited)	-	-
Deficit for the year	-	-
Balance as at June 30, 2018 (unaudited)	-	-
Surplus for the year	-	-
Balance as at June 30, 2019	-	-

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


DIRECTOR GENERAL (F&A)

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SECRETARY

**BENAZIR INCOME SUPPORT PROGRAMME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		-	-
Adjustment for non-cash and other items:			
Depreciation		74,456,544	50,013,161
Amortization of intangible assets		10,729,640	6,224,286
Transfers from other than Government entities		(6,081,318,532)	(7,386,609,499)
Amortization of deferred revenue		(85,186,184)	(56,237,447)
Transfers from Government		(110,035,863,310)	(104,854,360,497)
Financial charges		68,431	120,514
Operating loss before working capital changes		(116,117,113,411)	(112,240,849,482)
Working capital changes:			
Decrease in current assets:			
Receivable under non-exchange transaction		(1,219,541,805)	(1,884,340,385)
Increase in current liabilities:			
Deferred revenue		1,650,416,251	59,922,924
Liabilities recognized under transfer arrangements		110,035,863,310	104,854,360,497
Payable under non-exchange transaction		4,623,110,587	22,523,500,247
Cash generated from operations		115,089,848,344	125,553,443,283
Finance cost paid		(68,431)	(120,514)
Net cash (used in) / generated from operating activities		(1,027,333,499)	13,312,473,287
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		(166,872,934)	(53,698,638)
Additions in work-in-progress		(1,420,309,240)	(88,940,630)
Additions in intangible assets		(45,053,539)	-
Net cash used in investing activities		(1,632,235,713)	(142,639,268)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfers from other than Government entities		4,915,438,902	9,073,789,564
Net cash generated from financing activities		4,915,438,902	9,073,789,564
Net increase in cash and cash equivalents		2,255,869,691	22,243,623,583
Cash and cash equivalents at the beginning of the year		25,027,347,003	2,783,723,420
Cash and cash equivalents at the end of the year	8	27,283,216,694	25,027,347,003

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, 2019

	Final budget (Cash Basis)	Actual Expenditure (Cash Basis)	Performance Variance	Reasons of Performance Variance	
	2019	2019	2019		
	Rupees				
PROGRAMMES/INITIATIVES					
Un-conditional cash transfer to beneficiaries	107,221,770,000	104,641,630,301	2,580,139,699	Finance Division each year announces cut-off date for "Surrender of Anticipated Savings" of Budget. The cut-off date for the year 2018-19 was April 30, 2019 and BISP surrendered Rs. 6,034 million with in due time. Therefore net budget performance variance is less than 5% as compare to Final Grant . However, variance greater than 5% is considered material regarding available saving.	
Waseela-e-Taleem	5,207,440,000	4,012,498,389	1,194,941,611		
Graduation Programme	196,930,000	-	196,930,000		
Waseela-e-Rozgar	49,190,000	-	49,190,000		
	112,675,330,000	108,654,128,690	4,021,201,310		
DIRECT COST OF INITIATIVES					
Service charges	2,707,910,000	2,751,634,238	(43,724,238)		
Payments to Government for services rendered	36,800,000		36,800,000		
Consultancy / research and survey	169,780,000	203,145,286	(33,365,286)		
Payments to others for service rendered	634,500,000	407,715,949	226,784,051		
Administrative expense					
Advertising and publicity	347,000,000	24,488,255	322,511,745		
Employee related expenses	2,452,790,000	2,299,228,984	153,561,016		
Occupancy cost	141,100,000	101,778,010	39,321,991		
Operating expenses	170,150,000	251,165,118	(81,015,118)		
	6,660,030,000	6,039,155,840	620,874,161		
CAPITAL EXPENDITURE					
National Socio Economic Registry	5,061,620,000	1,384,988,270	3,676,631,730		
Expenditure on acquisition of assets	303,030,000	213,726,775	89,303,225		
	5,364,650,000	1,598,715,045	3,765,934,955		
Total original budgeted grant	124,700,010,000	116,291,999,575	8,408,010,426		
Surrendered	(6,034,110,000)	-	-		
Final grant	118,665,900,000	116,291,999,575	2,373,900,426		
<i>% of Difference Budget vs. Actual</i>			2.00%		

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 2018-19 for BISP was Rs. 124.700 billion.

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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, 2019

	Actual Expenditure (Cash Basis) 2019	Actual Expenditure (Accrual Basis) 2019 Rupees	Performance Variance 2019	Reasons of Performance Variance
PROGRAMMES/INITIATIVES				
Un-conditional cash transfer to beneficiaries	104,641,630,301	106,295,055,182	(1,653,424,881)	This variance is due to accrual based recording and pertains to de-credited/arrears payable for the respective period i.e. 2018-19. For UCT payment expenditure is recognized for all enrolled beneficiaries in the relevant period.
Waseela-e-Taleem	4,012,498,389	3,165,711,639	846,786,750	Due to conditional payments, expenditure of CCT on accrual basis has been recognized based on admission and collection of attendance. Moreover, Waseela Taleem quarterly attendance is collected in the following months, therefore, in cash basis expenditure is greater than the accrual basis. As such, cash basis expenditures also includes payments for FY 2017-18.
Waseela-e-Sehat	-	35,700,000	(35,700,000)	Waseela-e-Sehat Payment on cash basis were made during 2010-2011 and funds were paid to State Life Insurance Corporation for life insurance of breadwinner @ Rs. 0.1 million. State Life Created a CCRA Fund. Amount is paid to deceased family upon death claim. Amount actually paid during the period 2018-19 has been recognized, whereas no cash budget/allocation were made. Hence, variance is due to accrual based recognition.
	108,654,128,690	109,496,466,821	(842,338,131)	
DIRECT COST OF INITIATIVES				
Service charges	2,751,634,238	3,367,113,626	(615,479,388)	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	203,145,286	226,770,228	(23,624,942)	Difference is due to recording expenditure in the period and paid subsequently.

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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, 2019

	Actual Expenditure (Cash Basis) 2019	Actual Expenditure (Accrual Basis) 2019 Rupees	Performance Variance 2019	Reasons of Performance Variance
DIRECT COST OF INITIATIVES				
Payments to others for service rendered	407,715,949	383,556,808	24,159,141	Payments for the Year 2017-18 were made in 2018-19 therefore cash expenditure is greater than accrued expense.
	3,362,495,473	3,977,440,662	(614,945,189)	
Administrative expense				
Advertising and publicity	24,488,255	4,741,135	19,747,120	Payments for the Year 2017-18 were made in 2018-19 therefore cash expenditure is greater than accrued expense.
Employee related expenses	2,299,228,984	2,299,467,170	(238,186)	-
Occupancy cost	101,778,010	86,250,759	15,527,251	Payments for the Year 2017-18 were made in 2018-19 therefore cash expenditure is greater than accrued expense.
Operating expenses	251,165,118	252,815,297	(1,650,179)	-
	2,676,660,367	2,643,274,361	33,386,006	
CAPITAL EXPENDITURE				
National Socio Economic Registry	1,384,988,270	1,420,309,240	(35,320,970)	Difference is due to recording expenditure in the period and paid subsequently.
Expenditure on acquisition of assets	213,726,775	211,926,473	1,800,302	-
	1,598,715,045	1,632,235,713	(33,520,668)	
Total original budgeted grant	116,291,999,575	117,749,417,556	(1,457,417,982)	-
Final grant	116,291,999,575	117,749,417,556	(1,457,417,982)	
<i>% of Difference Budget vs. Actual</i>			-1.25%	

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, 2019**

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Total
	2019	2019	2019	
	Rupees			
Actual amounts on comparable basis	109,777,845,628	(1,598,715,045)	4,915,438,902	113,094,569,485
Basis differences	5,397,188,901	(33,520,668)	-	5,363,668,233
Timing differences	-	-	-	-
Entity difference	-	-	-	-
Presentation difference	(116,202,368,027)	-	-	(116,202,368,027)
Actual amounts in the statement of cash flow	(1,027,333,499)	(1,632,235,713)	4,915,438,902	2,255,869,690

- (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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 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 children subject to verification of their child admission and 70% attendance requirement till the completion of primary education.

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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 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 a 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 upto 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 installment, 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.

- 1.2 Government of Pakistan sanctioned grant of Rs. 124.700 billion in the budget approved by the Parliament for the financial year 2018-19 to carry out operations / programs by BISP. Budgeted amount comprises local component of Rs. 112.700 billion and foreign component of Rs. 12 billion. The funds received against these allocations are reported in respective notes to these financial statements.

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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).

1.3 Change in accounting framework

During the year, on recommendation of the Board in its 31st board meeting, the entity has adopted accrual basis of accounting under International Public Sector Accounting Standards (IPSAS) to provide reliable and more relevant information about the effects of transactions, other events and conditions on the Programme's financial position, financial performance or cash flows.

Comparative balances in the financial statements are unaudited and are based upon the management records. The entity had previously presented audited financial statements based on cash basis of accounting under IPSAS.

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.

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.

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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 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. Unspent 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 Revised Accounting Procedures 2013 for revolving fund accounts circulated by finance division.

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.

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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 one year, 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.

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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 return 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) installments. 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. *Payable to GDP*

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

		2019 Rupees	2018 Rupees (Unaudited)
Government of Pakistan funded assets	4.1	170,443,391	76,267,002
Donor funded assets	4.2	<u>5,280,000</u>	<u>7,040,000</u>
		<u>175,723,391</u>	<u>83,307,002</u>

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4.1 Government of Pakistan funded assets

	Office equipment	Furniture and fixtures	Computer equipment	Vehicles	Total
	Rupees				
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
Net carrying value basis					
Year ended June 30, 2018					
(Unaudited)					
Opening book value	20,323,044	25,508,852	20,778,959	4,210,668	70,821,523
Additions - at cost	164,539	819,877	52,714,222	-	53,698,638
Depreciation	(4,063,314)	(6,420,060)	(35,855,845)	(1,913,940)	(48,253,159)
Closing net book value	16,424,269	19,908,669	37,637,336	2,296,728	76,267,002
Gross carrying value basis					
Year ended June 30, 2018					
(Unaudited)					
Cost	40,633,145	64,200,608	292,586,239	112,812,762	510,232,754
Accumulated depreciation	(24,208,876)	(44,291,939)	(254,948,903)	(110,516,034)	(433,965,752)
Net book value	16,424,269	19,908,669	37,637,336	2,296,728	76,267,002
Depreciation rate (years)	10	10	3	5	

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4.2 Donor funded assets

	<u>Vehicles</u> <u>Rupees</u>	<u>Total</u> <u>Rupees</u>
Net carrying value basis		
Year ended June 30, 2019		
Opening book value	7,040,000	7,040,000
Additions - at cost	-	-
Depreciation	(1,760,000)	(1,760,000)
Closing net book value	<u>5,280,000</u>	<u>5,280,000</u>
Gross carrying value basis		
Year ended June 30, 2019		
Cost	8,800,000	8,800,000
Accumulated depreciation	(3,520,000)	(3,520,000)
Net book value	<u>5,280,000</u>	<u>5,280,000</u>
Net carrying value basis		
Year ended June 30, 2018		
(Unaudited)		
Opening book value	-	-
Additions - at cost	8,800,000	8,800,000
Depreciation	(1,760,000)	(1,760,000)
Closing net book value	<u>7,040,000</u>	<u>7,040,000</u>
Gross carrying value basis		
Year ended June 30, 2018		
(Unaudited)		
Cost	8,800,000	8,800,000
Accumulated depreciation	(1,760,000)	(1,760,000)
Net book value	<u>7,040,000</u>	<u>7,040,000</u>
Depreciation rate (years)	5	

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	Note	2019 Rupees	2018 Rupees (Unaudited)
5 INTANGIBLE ASSET			
Software			
Net carrying value basis			
Opening net book value		24,963,132	31,187,418
Additions		45,053,539	-
Amortization charge		(10,729,640)	(6,224,286)
Closing net book value		<u>59,287,031</u>	<u>24,963,132</u>
Gross carrying value basis			
Cost		107,296,396	62,242,857
Accumulated amortization		(48,009,365)	(37,279,725)
Net book value		<u>59,287,031</u>	<u>24,963,132</u>
Amortization rate (years)		10	10

6 WORK-IN-PROGRESS

NSER Project Cost	6.1	<u>2,501,209,864</u>	<u>1,080,900,624</u>
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6.1 This represents Survey Payments to National Socio-Economic Registry (NSER) for the collection and acquisition of Households data. As per policy envisaged by the Federal Government after 5-year survey is required to be carried out. In July 2015, BISP board approved NSER in phase-manner; Phase-I (Pilot Project) and Phase-II (national rollout) through Computer Assisted Personal Interviewing (CAPI). These payments will form part of intangible assets as soon as survey complete in all districts and data becomes available for use. The payments are made against pilot phase survey work in fifteen (15) districts out of one hundred and fifty four (154) districts.

	Note	2019 Rupees	2018 Rupees (Unaudited)
7 RECEIVABLES FROM NON-EXCHANGE			
Current receivable under non-exchange transactions			
Transfers receivable from GoP	7.1	9,215,303,360	7,778,884,558
Transfers receivable from other government entities	7.2	998,647,288	1,224,854,369
		<u>10,213,950,648</u>	<u>9,003,738,927</u>
Other receivables			
Deposits and prepayments	7.3	<u>25,255,159</u>	<u>7,074,620</u>
		<u>10,239,205,807</u>	<u>9,010,813,547</u>

	Note	2019 Rupees	2018 Rupees (Unaudited)
Non current receivables under non-exchange transactions			
Loans to beneficiaries against Waseela-e-Haq	7.4	2,131,679,541	2,140,529,996
		<u>12,370,885,348</u>	<u>11,151,343,543</u>

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

	Note	2019 Rupees	2018 Rupees (Unaudited)
7.2 Transfers receivable from other government entities			
Receivable from State Life Insurance Company Limited (SLIC)	7.2.1	27,556,879	950,075,833
Balance with Pakistan Post Office	7.2.2	971,090,409	274,778,537
		<u>998,647,288</u>	<u>1,224,854,370</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.

	2019 Rupees	2018 Rupees (Unaudited)
7.3 Deposits and prepayments		
Prepaid rent	22,998,098	6,386,779
Other prepaid expenses	2,257,061	687,841
	<u>25,255,159</u>	<u>7,074,620</u>

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

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	Note	2019 Rupees	2018 Rupees (Unaudited)
8 CASH AND BANK BALANCES			
Cash at banks			
Current account - local currency			
Special Account with National Bank of Pakistan	8.1	4,180,261,019	5,346,674,848
Limited Mandate Account-1 (LMA-1)	8.2	21,952,629,762	19,647,006,075
Donation account	8.3	1,150,325,913	33,666,080
		<u>27,283,216,694</u>	<u>25,027,347,003</u>

8.1 Special Account with National Bank of Pakistan

Asian Development Bank (ADB)		4,046,936,837	3,704,098,073
Department for International Development (DFID)		106,688,476	1,484,512,446
World Bank (WB)		26,635,706	158,064,329
		<u>4,180,261,019</u>	<u>5,346,674,848</u>

8.1.1 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 2018-19 amounting to Rs.110,451 million.

Further, at the year end outstanding amount of Rs. 240.781 million lapsed from GoP Assignment Account.

	2019 Rupees	2018 Rupees (Unaudited)
Unused GoP funds lapsed on July 01, 2019	<u>240,781,584</u>	<u>254,520,658</u>
Opening balance	254,520,658	33,269,366
Grant received from GoP	110,451,035,407	99,500,000,000
Lapsed during the year	(254,520,658)	(33,269,366)
Grant utilized for programme expenditure	(108,559,837,571)	(98,103,805,460)
Grant utilized for deferred expenditure	(1,650,416,252)	(1,141,673,882)
Closing balance	<u>240,781,584</u>	<u>254,520,658</u>

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	Note	2019 Rupees	2018 Rupees (Unaudited)
8.2 Limited Mandate Account-1 (LMA-1)			
United Bank Limited		9,006,699,481	7,654,338,868
Tameer Bank Limited		5,841,415,564	5,847,041,152
Habib Bank Limited		5,856,592,939	4,978,160,618
Summit Bank Limited		1,109,609,524	1,167,404,051
Bank Alfalah Limited		138,309,715	58,847
Sindh Bank Limited		2,539	2,539
	8.2.1	<u>21,952,629,762</u>	<u>19,647,006,075</u>

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

	Note	2019 Rupees	2018 Rupees (Unaudited)
8.3 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	8.3.1	206,423,888	-
Recovery of loan		917,693,550	7,457,605
		<u>1,150,325,913</u>	<u>33,666,080</u>

8.3.1 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.

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	2019 Rupees	2018 Rupees (Unaudited)
9 DEFERRED REVENUE		
Opening balance	1,196,245,377	108,233,228
Addition of fixed assets during the year:		
Government of Pakistan (GoP)	166,872,934	53,698,638
Donor-funded assets	-	8,800,000
	166,872,934	62,498,638
Add: addition of intangible assets during the year	45,053,539	-
Add: Work in Progress (NSER)	1,420,309,240	1,080,900,624
Add: Deposits and Prepayments	18,180,539	7,074,620
Less : Amortized during the year		
Government of Pakistan (GoP)	(72,696,545)	(54,477,447)
Donor-funded assets	(1,760,000)	(1,760,000)
Intangible assets	(10,729,640)	(6,224,286)
	(85,186,185)	(62,461,733)
	<u>2,761,475,444</u>	<u>1,196,245,377</u>

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

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10 LIABILITIES RECOGNIZED UNDER TRANSFER ARRANGEMENTS

2019	Opening balance (un-audited)	Amount received during the year	Expenditure recognized as transfers revenue	Closing balance
	Rupees			
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
Receipts from 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
	<u>5,372,349,124</u>	<u>4,915,438,902</u>	<u>(6,081,318,532)</u>	<u>4,206,469,494</u>
2018 (un-audited)				
Department for International Development (DFID)	39,574,500	4,725,954,750	(3,281,016,804)	1,484,512,446
Asian Development Bank (ADB)	3,619,386,084	4,137,107,414	(4,052,395,425)	3,704,098,073
Receipts from International Development Association- NSPP	-	210,727,400	(53,197,270)	157,530,130
China Foundation for Peace and Development	26,208,475	-	-	26,208,475
	<u>3,685,169,059</u>	<u>9,073,789,564</u>	<u>(7,386,609,499)</u>	<u>5,372,349,124</u>

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	Note	2019 Rupees	2018 Rupees (Unaudited)
11 PAYABLE UNDER NON-EXCHANGE TRANSACTION			
Current payables			
Payable to beneficiaries			
Payable against Unconditional Cash Transfer	11.1	29,613,163,771	25,198,474,373
Payable against Waseela-e-Taleem	11.2	390,452,016	821,634,436
Payable against Waseela-e-Rozgar	11.3	733,545,633	733,545,633
Payable against World Food Programme		206,423,888	-
Payable against Waseela-e-Haq		2,133,250,575	2,152,155,172
		<u>33,076,835,883</u>	<u>28,905,809,614</u>
Consultancy / research and survey charges payable	11.4	411,290	24,693,340
Commission and service charges payable	11.5	1,384,099,321	885,410,707
Payable to GoP due from SLIC	11.6	943,679,395	950,075,833
Other payables	11.7	17,351,501	33,277,309
		<u>35,422,377,390</u>	<u>30,799,266,803</u>

11.1 Payable against Unconditional Cash Transfer

Limited Mandate Account 1 (LMA1) balances	11.1.1	21,560,506,444	19,239,069,992
Pakistan Post Office	11.1.2	971,090,410	299,930,852
Arrears payable post verification of beneficiaries		7,079,895,614	5,426,470,733
Payable to GoP against de-credit	23	1,671,303	233,002,796
		<u>29,613,163,771</u>	<u>25,198,474,373</u>

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

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

	Note	2019 Rupees	2018 Rupees (Unaudited)
11.2 Payable against Waseela-e-Taleem			
Attendance and admission payments to beneficiaries		-	821,634,436
Limited Mandate Account-1 (LMA-1) balances		390,452,016	-
		<u>390,452,016</u>	<u>821,634,436</u>

11.3 Payable against Waseela-e-Rozgar

Payable to service providers	11.3.1	<u>733,545,633</u>	<u>733,545,633</u>
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11.3.1 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	2019 Rupees	2018 Rupees (Unaudited)
11.4			
Consultancy / research and survey charges payable			
Waseela-e-Taleem payable		411,290	24,159,141
Individual consultants		-	534,199
		<u>411,290</u>	<u>24,693,340</u>
11.5			
Commission and service charges payable			
Sources of payments:			
Government of Pakistan Funds	11.5.1	<u>1,384,099,321</u>	<u>885,410,707</u>
11.5.1	This amount represent services charges payable to banks against disbursement to beneficiaries.		
11.6			
Payable to GoP due from SLIC			
Interest income received against Waseela e Sehat	11.6.1	<u>943,679,395</u>	<u>950,075,833</u>
11.6.1	This represents interest income on amount due from State Life Insurance Company Limited for the year ended June 30, 2018. 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.		
11.7			
Other payables			
Payable to employees		13,693,568	7,476,977
Advertising expenses		-	20,434,961
Accrued expenses		1,929,714	3,346,237
Income tax payable		1,728,219	1,705,945
Operating expenses payable		-	313,189
		<u>17,351,501</u>	<u>33,277,309</u>

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12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- 12.1.1 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.
- 12.1.2 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.
- 12.1.3 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.
- 12.1.4 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.
- 12.1.5 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 equipments 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.
- 12.1.6 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 i.e. Project completion report with approval of competent authority. The case is pending for further proceedings in Civil Court West Islamabad.

12.2 Commitments

The Entity has no capital commitment as at June 30, 2019.



	Note	2019 Rupees	2018 Rupees (Unaudited)
13	TRANSFER FROM GOVERNMENT		
	8.1.1	<u>110,035,863,310</u>	<u>104,891,141,925</u>

13.1 The Government of Pakistan (GoP) allocated a single line budget in respect of Benazir Income Support Programme in the Federal Budget amounting to Rs. 124,700 million consisting of Rs.112,965 million of local component. Out of the budgeted amount, Rs. 110,036 million (2018: Rs 104,891 million) has been amortized during the year against project expenditure and whereas Rs.1,632 million (2018: Rs. 1,142 million) is recognized against capital expenditure and deferred revenue. The unutilized amount of Rs. 240.782 million (2018 Rs. 254.520 million) at the year end lapsed.

	Note	2019 Rupees	2018 Rupees (Unaudited)
14	TRANSFERS FROM OTHER THAN GOVERNMENT ENTITIES		
	14.1	130,894,424	53,197,270
	14.2	4,415,558,070	3,281,016,804
	14.3	<u>1,534,866,038</u>	<u>4,052,395,425</u>
	10	<u>6,081,318,532</u>	<u>7,386,609,499</u>

14.1 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.

14.2 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.

14.3 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.

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	Note	2019 Rupees	2018 Rupees (Unaudited)
15	CONSULTANCY / RESEARCH AND		
	15.1	127,363,018	103,121,332
	15.2	383,556,808	305,692,982
		99,407,210	-
	15.3	<u>610,327,036</u>	<u>408,814,314</u>

15.1 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.

15.2 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.

	Note	2019 Rupees	2018 Rupees (Unaudited)
15.3	Sources of payments:		
		482,964,018	240,684,973
		-	113,971,229
		127,363,018	52,377,466
		-	1,780,646
		<u>610,327,036</u>	<u>408,814,314</u>

16 COMMISSION AND SERVICE CHARGES

Sources of payments:

		3,367,113,626	2,459,610,080
		-	14,580,771
	16.1	<u>3,367,113,626</u>	<u>2,474,190,851</u>

16.1 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.

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	Note	2019 Rupees	2018 Rupees (Unaudited)
Commission and service charges paid to:			
United Bank Limited		1,059,114,033	599,619,183
Tameer Microfinance Bank Limited (TMFB)		809,443,613	483,112,677
Bank Alfalah Limited		664,036,381	398,812,608
Habib Bank Limited		608,502,397	587,371,744
Summit Bank		160,158,328	98,487,530
Pakistan Post Office		21,428,738	6,829,443
Sindh Bank Limited		28,438,863	16,627,908
National Database & Registration Authority		15,991,273	283,329,760
		<u>3,367,113,626</u>	<u>2,474,190,853</u>

17 **OPERATING EXPENSES**

Salaries and wages		2,299,467,170	2,230,143,203
Rent and other services		86,250,759	94,067,938
Depreciation	4.1	74,456,544	50,013,161
Contribution and subscription		75,309,551	59,743,645
Printing and stationery		56,517,125	18,157,112
Travelling allowance		29,080,868	21,885,375
Utilities		28,123,745	23,491,760
Repair and maintenance		27,052,417	9,565,383
Communication charges		19,056,189	23,883,339
Amortization	5.1	10,729,640	6,224,286
Advertisement		4,741,135	36,679,121
Office supplies		1,829,002	889,367
Travelling charges		1,446,963	623,095
Entertainment		1,143,784	2,525,479
Newspapers, periodicals and books		977,267	821,417
Training		857,794	223,580
Transportation of goods		252,820	306,144
Finance charges		68,431	120,514
Other expenses	17.1	11,099,340	10,974,984
		<u>2,728,460,544</u>	<u>2,590,338,903</u>

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

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	Note	2019 Rupees	2018 Rupees (Unaudited)
18 UNCONDITIONAL CASH TRANSFER TO BENEFICIARIES			
Transfer to beneficiaries	18.1	104,641,630,301	98,001,382,375
Arrears payable post verification of beneficiaries		1,653,424,881	5,426,470,733
		<u>106,295,055,182</u>	<u>103,427,853,108</u>

18.1 Sources of cash transfer:			
Government of Pakistan		98,691,206,193	91,656,038,792
Department for International Development		4,415,558,070	2,294,728,804
Asian Development Bank		1,534,866,038	4,050,614,779
		<u>104,641,630,301</u>	<u>98,001,382,375</u>

18.1.1 Under Unconditional Cash Transfer Program, payment of Rs. 5,000 (2018: Rs. 4,834) per beneficiary on quarterly basis is made to each beneficiary. Total number of beneficiaries covered under this program are 5.089 million (2018: 5.089 million) as per BISP record.

	Note	2019 Rupees	2018 Rupees (Unaudited)
18.2 Modes of payments to beneficiaries:			
Benazir Debit Card (BDC)	18.2.1	26,763,726,913	46,827,705,432
Money Order	18.2.2	2,166,272,482	-
Biometric Verification System (BVS)	18.2.3	75,711,630,906	51,173,676,943
		<u>104,641,630,301</u>	<u>98,001,382,375</u>

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

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

18.2.3 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.

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	Note	2019 Rupees	2018 Rupees (Unaudited)
19			
CASH TRANSFER TO BENEFICIARIES UNDER WASEELA-E-TALEEM			
Sources of cash transfer:			
		3,165,711,639	2,546,386,695
		-	857,736,000
	19.1	<u>3,165,711,639</u>	<u>3,404,122,695</u>

19.1 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.

	2019 Rupees	2018 Rupees (Unaudited)
19.2		
Modes of payments to beneficiaries:		
	418,506,750	777,165,000
	42,105,750	-
	2,705,099,139	2,626,957,695
	<u>3,165,711,639</u>	<u>3,404,122,695</u>

**20 CASH TRANSFER TO BENEFICIARIES
UNDER WASEELA-E-SEHAT**

Payment through Service Provider - SLIC	20.1	<u>35,700,000</u>	<u>28,669,000</u>
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20.1 This represent payment to 357 families made by State Life Insurance Corporation (SLIC) to BISP beneficiaries families to the extend 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.

21 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	2019 Rupees	2018 Rupees (Unaudited)
Government of Pakistan		
Contributions received	110,451,035,407	99,500,000,000
Lapsed funds at the end of the year	(254,520,658)	(33,269,366)

Balances at the year end are presented in respective notes.

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22 **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.

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

Partner Banks	De-credited funds as at July 01, 2018 (Unaudited)	De-credited funds during the year	Total De-credited funds	Payment to Government Treasury by Partner Banks	Balance with Partner Banks at June 30, 2019
Rupees					
Bank Alfalah Limited	58,847	699,514,154	699,573,001	699,296,051	276,950
Habib Bank Limited	(24)	185,961,210	185,961,186	185,961,186	-
Sindh Bank Limited	-	2,529,876	2,529,876	2,529,876	-
Summit Bank Limited	(100)	253,273,903	253,273,803	253,273,803	-
Tameer Bank Limited	232,943,948	162,782,624	395,726,572	394,332,219	1,394,353
United Bank Limited	1	950,631,078	950,631,079	950,631,079	-
	<u>233,002,672</u>	<u>2,254,692,845</u>	<u>2,487,695,517</u>	<u>2,486,024,214</u>	<u>1,671,303</u>

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

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24 FINANCIAL ASSETS AND LIABILITIES

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

Description	2019				Non interest / mark up bearing	Non interest / mark up bearing
	Total	Interest/mark up bearing		Sub total		
		Maturity up to one year	Maturity after one year			
Rupees						
Financial assets						
Carried at fair value through surplus or deficit						
Receivables from non-exchange transaction	12,345,630,189	-	-	-	12,345,630,189	11,144,268,923
Carried at amortized cost						
Cash and bank balances	27,283,216,694	-	-	-	27,283,216,694	25,027,347,003
	39,628,846,883	-	-	-	39,628,846,883	36,171,615,926
Financial liabilities						
Carried at amortized cost						
Payable under non-exchange transaction	35,422,377,390	-	-	-	35,422,377,390	30,799,266,803
	35,422,377,390	-	-	-	35,422,377,390	30,799,266,803
	4,206,469,493	-	-	-	4,206,469,493	5,372,349,123
On SOFP gap						
Off SOFP item						
Financial commitment	-	-	-	-	-	-
Total gap	4,206,469,493	-	-	-	4,206,469,493	

Effective interest rate has been mentioned in the respective note.

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25 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.

25.1 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:

	2019 Rupees	2018 Rupees (Unaudited)
Receivables from non-exchange transaction	12,345,630,189	11,144,268,923
Bank balances	27,283,216,694	25,027,347,003
	<u>39,628,846,883</u>	<u>36,171,615,926</u>

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Description	2018 (Unaudited)			
	Total	Interest/mark up bearing		Non interest / mark up bearing
		Maturity up to one year	Maturity after one year	
	Rupees			
Financial assets				
Carried at fair value through surplus or deficit				
Receivables from non-exchange transaction	11,144,268,923	-	-	11,144,268,923
Carried at amortized cost				
Cash and bank balances	25,027,347,003	-	-	25,027,347,003
	<u>36,171,615,926</u>	<u>-</u>	<u>-</u>	<u>36,171,615,926</u>
Financial liabilities				
Carried at amortized cost				
Payable under non-exchange transaction	30,799,266,803	-	-	30,799,266,803
	<u>30,799,266,803</u>	<u>-</u>	<u>-</u>	<u>30,799,266,803</u>
On SOFP gap	<u>5,372,349,123</u>	<u>-</u>	<u>-</u>	<u>5,372,349,123</u>
Off SOFP item				
Financial commitment	-	-	-	-
Total gap	<u>5,372,349,123</u>	<u>-</u>	<u>-</u>	<u>5,372,349,123</u>

Effective interest rate has been mentioned in the respective note.

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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.

25.2 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 months	Two to five years
	Rupees				
June 30, 2019					
Financial liabilities					
Payable under non-exchange transaction	35,422,377,390	35,422,377,390	-	35,422,377,390	-
June 30, 2018 (Unaudited)					
Financial liabilities					
Payable under non-exchange transaction	30,799,266,803	30,799,266,803	-	30,799,266,803	-

25.3 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.

26 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.

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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.

June 30, 2019		June 30, 2018 (unaudited)	
Carrying amount	Fair value	Carrying amount	Fair value

----- Rupees -----

Asset at fair value through surplus or deficit

Receivables from non-exchange transaction	12,345,630,189	12,345,630,189	11,144,268,923	11,144,268,923
Assets carried at amortized cost	27,283,216,694	27,283,216,694	25,027,347,003	25,027,347,003
Cash and bank balances	39,628,846,883	39,628,846,883	36,171,615,926	36,171,615,926

Liabilities carried at amortized cost

Payable under non-exchange transaction	35,422,377,390	35,422,377,390	30,799,266,803	30,799,266,803
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27 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.

28 NUMBER OF EMPLOYEES

The number of employees as at year end were 2,111 (2018: 2,027) and monthly average number of employees during the year were 176 (2018: 169).

29 NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

During the year 2010-11, a survey was conducted based on which poverty score of 16.17 was established on the basis of Proxy Mean Test (PMT). As per BISP Operational Manual, Section C, sub section 2, recertification was required at the end of four year period to ensure beneficiaries eligibility criteria. However, no rectification exercise was conducted till the year ended 2019.

Further, subsequent to the year end, dated December 19, 2019, the Chairperson of BISP requested NADRA to conduct profiling of BISP beneficiaries. Based upon the survey, out of 5.1 million beneficiaries NADRA identified 820,165 as ineligible and fraudulently claiming cash handouts from

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the scheme resultantly assistance to them was immediately blocked. In addition, the Entity have requested various departments to initiate the investigation process regarding recovery/proceedings on case to case basis. Therefore at this stage the amount of recovery cannot be ascertained.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements are authorised for issue on 02 APR 2021 by the Board of Directors of the Entity.

31 GENERAL

Figures have been rounded off to the nearest rupee.

BR


DIRECTOR GENERAL (F&A)


SECRETARY