

**SOCIO ECONOMIC & EDUCATION DEVELOPMENT
ORGANIZATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020**

A.G. HABIB & CO.

CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the financial statements of **SOCIO ECONOMIC & EDUCATION DEVELOPMENT ORGANIZATION**, herein after referred to as "Organization", which comprise the balance sheet as at December 31, 2020, the income and expenditure account, statement of changes in fund and 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 statements present fairly, in all material respects, the financial position of **Organization** as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis of 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Board of Trustees determine 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, Board of Trustees are responsible for assessing the Organization'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



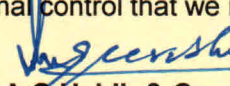
Auditor's Responsibilities for the Audit of the Financial Statement

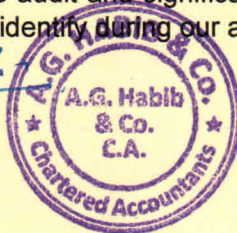
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 Institute 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.


For: A.G. Habib & Co.
Chartered Accountants



Karachi

Dated: January 10, 2021

Engagement partner: Abdul Ghaffar

SOCIO ECONOMIC & EDUCATION DEVELOPMENT ORGANIZATION
BALANCE SHEET
AS AT DECEMBER 31, 2020

| | Notes | 2020 Rupees | 2019 Rupees |
|---|-------|--------------------------|------------------------|
| Non current assets | | | |
| Property, plant and equipment | 4 | 12,441,850 | - |
| Current assets | | | |
| Advances, prepayments and other receivables | 5 | 15,287,166 | - |
| Stock in Hand | 6 | 259,080 | - |
| Bank balances | 7 | 3,886,397 | 1,405,000 |
| | | <u>19,432,643</u> | <u>1,405,000</u> |
| | | 31,874,493 | 1,405,000 |
| Non Current liabilities | | | |
| Current liabilities | | | |
| Accrued and other liabilities | 8 | 473,720 | 1,426,000 |
| Net assets | | <u><u>31,400,773</u></u> | <u><u>(21,000)</u></u> |
| Accumulated general fund | | <u><u>31,400,773</u></u> | <u><u>(21,000)</u></u> |
| Contingencies and Commitments | 9 | <u><u>-</u></u> | <u><u>-</u></u> |

The annexed notes form an integral part of these financial statements.


FINANCE SECRETARY


GENERAL SECRETARY


CHAIRPERSON



**SOCIO ECONOMIC & EDUCATION DEVELOPMENT ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31 , 2020**

| Incoming resources | Notes | 2020 Rupees | 2019 Rupees |
|--|--------------|------------------------|------------------------|
| Subscription fee of member | | - | 150,000 |
| Serves Charges MF 2019 | | 3,055,286 | - |
| Serves Charges MF 2020 | | 1,881,917 | - |
| Services Charges MF Carts 2019 | | 119,817 | - |
| Services Charges MF Carts 2020 | | 40,233 | - |
| Service Charges of Solar System | | 197,416 | - |
| Process Fee MF 2020 | | 453,600 | - |
| Process Fees MF Carts 2020 | | 8,500 | - |
| Process Fee of Solar System | | 51,600 | - |
| Incoming resources from charitable activities | | | |
| From Donors | | | |
| Grant from Sami Foundation | | 28,643,010 | - |
| Total incoming resources | | 34,451,379 | 150,000 |
| Resources expended | | | |
| Utilities | | - | 31,000 |
| Entertainment expenses | | - | 106,000 |
| Executive Committee Meeting | | - | 8,000 |
| General Body Meeting | | - | 5,000 |
| Audit Fee | | - | 20,000 |
| Bank charges | | 259,282 | 1,000 |
| Salary to Filed Office (1) | | 300,000 | - |
| Salary to Filed Office (2) | | 300,000 | - |
| Salary to Filed Office (3) | | 456,000 | - |
| Salary to Project Manager | | 912,000 | - |
| Honorarium to Volunteer | | 60,000 | - |
| Staff EOBI (4 Person) | | 39,600 | - |
| Fuel & Maintenance of Bike | | 158,250 | - |
| Printing, Stationary & Photo copies | | 102,107 | - |
| Employee Contribution Fund | | 196,800 | - |
| Organization Registration Fee | | 90,000 | - |
| Right off Donor | | 23,333 | - |
| Depreciation | | 132,234 | - |
| Total resources expended | | 3,029,606 | 171,000 |
| Net movement in funds carried forward | | 31,421,773 | (21,000) |

The annexed notes form an integral part of these financial statements.


FINANCE SECRETARY


GENERAL SECRETARY


CHAIRPERSON



SOCIO ECONOMIC & EDUCATION DEVELOPMENT ORGANIZATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31 , 2020

| | General Fund Rupees | Total Rupees |
|--|--------------------------------|-------------------------|
| Balance as at January 01, 2019 | - | - |
| Deficit for the year ended December 31, 2019 | (21,000) | (21,000) |
| Balance as at December 31, 2019 | (21,000) | (21,000) |
| Surplus for the year ended December 31, 2020 | 31,421,773 | 31,421,773 |
| Balance as at December 31, 2020 | 31,400,773 | 31,400,773 |

The annexed notes form an integral part of these financial statements.


FINANCE SECRETARY


GENERAL SECRETARY


CHAIRPERSON



**SOCIO ECONOMIC & EDUCATION DEVELOPMENT ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31 , 2020**

| | Note | 2020 Rupees | 2019 Rupees |
|--|------|---------------------|------------------|
| Cash flow from operational activities (A) | | | |
| (Deficit) / Surplus for the year | | 31,421,773 | (21,000) |
| Adjustment for: | | | |
| Depreciation | 4 | 132,235 | - |
| Effect of changes in working capital | | | |
| Decrease / (Increase) in current assets: | | | |
| Stock in hand | | (259,080) | - |
| Advances, prepayments and other receivables | | (15,287,166) | - |
| Accrued and other liabilities | | (952,280) | 1,426,000 |
| Working capital changes | | <u>(16,498,526)</u> | <u>1,426,000</u> |
| Net cash inflow generated from operating activities | | <u>15,055,482</u> | <u>1,405,000</u> |
| Cash flow from investing activities (B) | | | |
| Purchase of fixed assets | | (12,574,084) | - |
| Proceeds from the disposal of assets | | - | - |
| Net cash (used in) investing activities | | <u>(12,574,084)</u> | <u>-</u> |
| Cash flow from financing activities (C) | | | |
| | | - | - |
| Net decrease in cash and cash equivalents(A+B+C) | | 2,481,398 | 1,405,000 |
| Cash and cash equivalents at beginning of the year | | 1,405,000 | - |
| Cash and cash equivalents at end of the year | | <u>3,886,397</u> | <u>1,405,000</u> |

The annexed notes form an integral part of these financial statements.


FINANCE SECRETARY


GENERAL SECRETARY


CHAIRPERSON



**SOCIO-ECONOMIC & EDUCATION DEVELOPMENT ORGANIZATION (SEED)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. LEGAL STATUS AND NATURE OF BUSINESS

The organization was registered in Pakistan on February 12, 2018 with social welfare department under Voluntary Social Welfare Agencies (Registration & Control) Ordinance 1961 as **Socio-Economic & Education Development Organization (SEED)**. Basic aim of the organization is to increase the access of poor, particularly of women, to financial and non-financial resources for enabling these to have a prosperous and dignified living.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of the Revised Accounting and Financial Reporting Standards for Small Sized Entities issued by the Institute of Chartered Accountants of Pakistan (ICAP) and the Accounting Standards for Not for Profit Organization (NPOs) issued by ICAP.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.2 Accrual basis of accounting

These financial statements, have been prepared under the accrual basis of accounting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation is charged on assets acquired/disposed during the year on pro rata basis using the reducing balance method at the rates specified in note 4.

The depreciation on additions during the year is charged from the month of addition, while no depreciation is charged on assets disposed off during the month.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred whereas major improvements and modifications are capitalized. Gain or loss on disposal, if any, is included in income currently.



3.2 Provisions

Provisions are recognized when, the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand & with banks on current and saving accounts.

3.4 Stock in hand

Stock in hand is valued at weighted average cost.

3.5 Advances and other receivables

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

3.6 Fund accounting

Unrestricted funds

These are funds available with the Foundation without any restriction on their utilization.

Restricted funds

These are funds that are available with the Foundation for particular restricted purposes as imposed by the donors of these funds.

The Foundation acts as a custodian of these funds and consequently these are not available for general use.

3.7 Incoming resources

From own fund

These comprise of unrestricted donations and inflow from various activities.

From Charitable activities

These mainly comprise of donation received from various donors agencies made available for specific projects/purposes.

3.8 Resources expended

Expenditure is accounted for on accruals basis and is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular heading, they have been allocated to activities on a basis consistent with the use of the resource.



3.9 Taxation

The income of the Organization is exempt from tax being a recognized Non-Profit Organization

3.10 Financial assets and liabilities

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.

3.11 Revenue Recognition

- Donations and grants received are taken to income and expenditure account as and when received.
- Subscription fee of member received are taken to income and expenditure account as and when received.
- Return on bank deposit is recognized on receipt basis.



4 PROPERTY AND EQUIPMENT

2020

| Particulars | COST | | ACCUMULATED DEPERECIATION | | | | Written Down Value |
|-------------|-------------------|------------|---------------------------|------|--------------------------------|---------------------|--------------------|
| | As at Jan 1, 2020 | Addition | As at Dec 31, 2020 | Rate | As at Jan 1, 2020 | Disposal Adjustment | |
| | | | | | Charge for the year (3 Months) | | |
| | | | | | | | Rupees |
| Land | - | 7,284,700 | 7,284,700 | 0% | - | - | 7,284,700 |
| Building | - | 5,289,384 | 5,289,384 | 10% | 132,235 | 132,235 | 5,157,149 |
| | - | 12,574,084 | 12,574,084 | - | 132,235 | 132,235 | 12,441,850 |

2019

| Particulars | COST | | ACCUMULATED DEPERECIATION | | | | Written Down Value |
|-------------|-------------------|----------|---------------------------|------|--------------------------------|---------------------|--------------------|
| | As at Jan 1, 2019 | Addition | As at Dec 31, 2019 | Rate | As at Jan 1, 2019 | Disposal Adjustment | |
| | | | | | Charge for the year (3 Months) | | |
| | | | | | | | Rupees |
| Land | - | - | - | 0% | - | - | - |
| Building | - | - | - | 10% | - | - | - |
| | - | - | - | - | - | - | - |

4.1 Depreciation for the year has been allocated as under:

SEED

| | 2020 | 2019 |
|--------|---------|--------|
| Rupees | | Rupees |
| | 132,235 | - |



**SOCIO ECONOMIC & EDUCATION DEVELOPMENT ORGANIZATION
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 , 2020**

| | 2020 Rupees | 2019 Rupees |
|--|-------------------|------------------|
| 5 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES | | |
| Receivables against Micro Finance and enterprise development 2019 | 52,500 | - |
| Receivables against Micro Finance and enterprise development 2020 | 13,270,417 | - |
| Receivables against Micro Finance and enterprise development 2020 | 223,833 | |
| Receivables against Micro Finance and enterprise development Over dues 2019 | 40,000 | - |
| Receivables against Micro Finance and enterprise development Solar System 2020 | 1,592,916 | |
| Receivable from Ghulam Mustafa Khoso | 107,500 | - |
| | <u>15,287,166</u> | <u>-</u> |
| 6 STOCK IN HAND | | |
| Solar Material in stock | 259,080 | - |
| Carts Material in Stock | - | - |
| | <u>259,080</u> | <u>-</u> |
| 7 BANK BALANCES | | |
| BANK A/C UMF BANK 0025992-0086 Current | 3,432,677 | 1,405,000 |
| BANK A/C UMF BANK 0035610-0266 Saving | 453,720 | - |
| | <u>3,886,397</u> | <u>1,405,000</u> |
| 8 ACCRUED AND OTHER LIABILITIES | | |
| Payable Audit Fee | 20,000 | 20,000 |
| Payable Loan to Sami Foundation | - | 1,406,000 |
| Tax payable | 12,600 | - |
| Payable EOBI | 47,520 | - |
| Staff Provident Fund | 393,600 | - |
| | <u>473,720</u> | <u>1,426,000</u> |

9 APPROVAL

These financial statements have been approved by Board of Directors on January 10, 2021.

10 GENERAL

10.1 Corresponding figures have been rearranged / reclassified for the purpose of better presentation and comparison. However, there is no major re-classification to report.



10.2 Figures have been rounded off to the nearest rupee.