Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants

AKHUWAT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

June 30, 2014

A member Firm of
Deloitte Touche Tohmatsu

Deloitte.

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Akhuwat** (the Organization) as at June 30, 2014, the related income and expenditure statement, statement of comprehensive income, statement of cash flows and statement of changes in funds together with the notes forming part thereof (herein after referred to as the financial statements for the year then ended).

It is the responsibility of the Organization's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with International Financial Reporting Standards ("IFRS") as applicable in Pakistan. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly in all material respects the financial position of the Organization as at June 30, 2014 and of its surplus, changes in accumulated funds and cash flows for the year then ended in accordance with IFRSs as applicable in Pakistan.

M. Yousuf Adil Saleem

Chartered Accountants

Engagement Partner

Talat Javed

Date: June 04, 2015
Lahore

AKHUWAT

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

	Note	2014	2013
		---------Rupees---------	
ASSETS			
Cash and cash equivalents	7	1,249,611,246	895,053,847
Investment at fair value through profit and loss	8	61,525,271	52,928,743
Financial assets held to maturity	9	21,500,000	161,500,000
Micro loans receivable-net	10	2,441,099,962	1,546,602,201
Receivables and other assets	11	24,173,867	28,426,941
Property and equipment	12	231,474,751	94,950,257
Intangible assets	13	18,826,345	2,174,566
Total assets		4,048,211,442	2,781,636,555
LIABILITIES			
Creditors, accrued and other liabilities	14	25,071,202	33,316,015
Provident fund payable	15	7,550,825	5,231,410
Loan for credit pool	16	3,248,297,410	2,105,039,399
Total liabilities		3,280,919,437	2,143,586,824
FUNDS			
Unrestricted			
General fund		(101,482,480)	(14,654,537)
Restricted			
Donated fund		819,048,982	634,940,104
Takaful fund		(1,417,505)	(3,482,829)
Rehabilitation fund		1,605,873	1,647,449
Contributed fund		49,537,135	19,599,544
		868,774,485	652,704,268
Total equity		767,292,005	638,049,731
Total liabilities and equity		4,048,211,442	2,781,636,555

The annexed notes from 1 to 26 form an integral part of these financial statements.

Executive Director

Chief Financial Officer

AKHUWAT

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2014

	Note	Unrestricted fund	Restricted				2014	2013
			Donated fund	Takaful fund	Rehabilitation fund	Contributed fund		
		Rupees						
Operating income	18	228,400,419	-	-	-	-	**228,400,419**	226,699,671
Other income	19	38,065,168	-	-	-	-	**38,065,168**	28,239,432
Donations received during the year	20	-	193,421,357	13,147,559	-	-	**206,568,916**	127,760,754
Contributions received during the year	21	-	-	-	-	40,157,372	**40,157,372**	23,533,784
Return on Rehabilitation fund		-	-	-	80,424	-	**80,424**	93,566
Expenditure								
General and administrative expenses	22	339,373,570	-	-	-	-	**339,373,570**	191,713,546
Provision for loan loss	10.5	15,522,199	-	-	-	-	**15,522,199**	10,238,867
Donations paid during the year		-	9,312,479	-	-	-	**9,312,479**	-
Zakat paid during the year		-	-	9,479,996	-	-	**9,479,996**	13,562,571
Stipends paid during the year		-	-	-	122,000	-	**122,000**	122,000
Death claims settled during the year		-	-	-	-	10,219,781	**10,219,781**	3,934,240
		354,895,769	**9,312,479**	**9,479,996**	**122,000**	**10,219,781**	**384,030,025**	219,571,224
(Deficit)/ Surplus for the year		**(88,430,182)**	**184,108,878**	**3,667,563**	**(41,576)**	**29,937,591**	**129,242,274**	186,755,983

The annexed notes from 1 to 26 form an integral part of these financial statements.

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Executive Director **Chief Financial Officer**

AKHUWAT

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		---------Rupees---------	
Surplus for the year		**129,242,274**	186,755,983
Other comprehensive income		-	-
Total comprehensive income for the year		**129,242,274**	186,755,983

The annexed notes from 1 to 26 form an integral part of these financial statements.

Executive Director

Chief Financial Officer

AKHUWAT

STATEMENT OF CASH FLOWS
AS AT JUNE 30, 2014

	Note	2014	2013
		---------Rupees---------	
Cash flow from operating activities			
Surplus for the year		129,242,274	186,755,983
Adjustments for:			
Depreciation on property and equipment	12	4,492,594	2,261,081
Amortization of Intangibles	13	682,679	31,100
Write off of intangibles	13	1,735,534	-
Profit on bank deposits and investments		(32,777,818)	(25,937,337)
Provision for loan loss	10.5	15,522,199	10,238,867
		(10,344,812)	(13,406,289)
		118,897,462	173,349,694
Change in working capital			
Increase in micro loans portfolio		(910,019,960)	(795,804,439)
(Decrease)/ Increase in advances and other receivables		4,253,074	(12,537,343)
(Decrease) / increase in creditors, accrued and other liabilities		(8,244,813)	22,840,659
Increase in provident fund payable		2,319,415	1,031,547
		(911,692,284)	(784,469,576)
Net cash used in operating activities		(792,794,822)	(611,119,882)
Cash flow from investing activities			
Purchase of property and equipment	12	(141,017,088)	(59,318,350)
Purchase of intangible assets	13	(19,069,992)	(1,841,346)
Maturity / (purchase) of investments		131,403,472	(57,928,743)
Profit on bank deposits		32,777,818	24,910,354
Net cash generated/ (used) in investing activities		4,094,210	(94,178,085)
Cash flow from financing activities			
Loan for credit pool received		1,143,258,011	1,099,389,399
Net cash generated from financing activities		1,143,258,011	1,099,389,399
Net increase in cash and cash equivalents		354,557,399	394,091,432
Cash and cash equivalent at the beginning of the year		895,053,847	500,962,415
Cash and cash equivalents at the end of the year		1,249,611,246	895,053,847

The annexed notes from 1 to 26 form an integral part of these financial statements.

Executive Director **Chief Financial Officer**

AKHUWAT

STATEMENT OF CHANGES IN FUNDS
AS AT JUNE 30, 2014

	Unresticted	Restricted				
	General fund	Donated fund	Takaful fund	Rehabilitation fund	Contributed fund	Total
	Rupees					
Balance as at June 30, 2012	(69,258,673)	515,365,766	3,510,772	1,675,883	-	451,293,748
Comprehensive income:						
Surplus/(deficit) for the year	52,986,690	119,574,338	(5,376,155)	(28,434)	19,599,544	186,755,983
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	52,986,690	119,574,338	(5,376,155)	(28,434)	19,599,544	186,755,983
Deficit of Akhuwat Clinic transferred to Takaful fund	1,617,446	-	(1,617,446)	-	-	-
Balance as at June 30, 2013	(14,654,537)	634,940,104	(3,482,829)	1,647,449	19,599,544	638,049,731
Comprehensive income:						
(Deficit)/surplus for the year	(88,430,182)	184,108,878	3,667,563	(41,576)	29,937,591	129,242,274
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	(88,430,182)	184,108,878	3,667,563	(41,576)	29,937,591	129,242,274
Deficit of Akhuwat Clinic transferred to Takaful fund	1,602,239	-	(1,602,239)	-	-	-
Balance as at June 30, 2014	**(101,482,480)**	**819,048,982**	**(1,417,505)**	**1,605,873**	**49,537,135**	**767,292,005**

The annexed notes from 1 to 26 form an integral part of these financial statements.

Executive Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1 General information

1.1 Legal status and nature of business

Akhuwat (the Organization) was registered in Pakistan on May 13, 2003 as a society, under the Societies Registration Act,1860. It has 262 (2013: 172) branches all over the country.

The Organization was established to provide interest fee micro credit and to launch ancillary programmes of various short and long term nature.. The Organization is principally engaged to carry on the following objectives:

- Organizing women in particular and men in general into socially viable community groups called Self Help Groups.
- Providing interest-free micro-credit finance services to the poor women through Self Help Groups and the individuals.
- Capacity building through interest-free micro-credit enhancement to the poor in urban areas with a view to make them self-reliant.
- Creating avenues for self-employment and broadening scope of opportunities available to the poor.
- Identifying people/organizations desirous of planning and executing such programmes elsewhere and providing them with necessary support and resources.

The Organization is also operating a clinic, under the umbrella of Akhuwat Health Services (AHS), aimed at providing subsidized health services to the poor.

Following assets were purchased under the terms of a micro finance scheme approved on September 18, 2009 supported by Pakistani Italian Debt for Development Swap Agreement (PIDSA) signed in Islamabad on November 04, 2006 between the Government of the Italian Republic and the Government of the Islamic Republic of Pakistan to provide Rs. 46 million. At the year end, out of the total funds provided by PIDSA, Rs. 37.57 million are available to the Organization for the purpose of disbursement to the borrowers on revolving basis. Further following assets were purchased under the terms of said agreement currently used by the Organization but are property of PIDSA.

	2014	2013
Assets	---------Rupees---------	
Computers	159,529	159,529
Furniture and fixture	91,898	91,898
Office equipment	347,626	347,626
Vehicles	722,600	722,600
	1,321,653	1,321,653

Following assets were purchased under the agreement made on November 29, 2010 between Plan International Inc. (Plan), a non-profit international humanitarian child focused development organization and Akhuwat. Plan has approved the budget amounting to Rs. 4.15 million for the period November 1, 2010 to October 30, 2011. These assets are in use of the Organization but are property of Plan.

Laptops	360,000	360,000

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2 **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in Pakistan.

The Company prepared its financial statements for the year ended June 30, 2013 under Accounting and Financial Reporting Standards for Medium-Sized Entities (MSE Standards) issued by The Institute of Chartered Accountants of Pakistan (ICAP). From the current financial year, the Company has voluntarily adopted International Financial Reporting Standards as applicable in Pakistan. Accordingly, these financial statements have been prepared on the basis of statement of compliance as described above. Such adoption has resulted in certain additional disclosures and inclusion of statement of comprehensive income and there is no impact in recognition and measurement of the corresponding figures for 2013 presented in these financial statements.

The financial statements are presented in Pak Rupee, which is the Organization's functional and presentation currency.

3 **Basis of measurement**

These financial statements have been prepared under the historical cost convention except that the Investment held at fair value through profit and loss are measured at fair value.

4 **Significant accounting policies**

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

4.1 **Foreign Currency**

Foreign Currency Transactions and Balances – Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date and is recognized in the profit and loss. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Foreign currency differences arising on retranslation at year-end are recognized in the statement of other comprehensive income.

4.2 **Financial Assets and Liabilities**

Financial assets and financial liabilities are recognized when the Organization becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of a financial assets and financial liabilities are added to or deducted from the fair value of Financial assets and financial liabilities are as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of Financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Organization recognizes its financial assets and liabilities within the following categories:

- at fair value through profit and loss; and
- at amortized cost.

The classification depends on the nature and purpose for which the financial assets were acquired and a liability assumed and is determined at the time of initial recognition.

The Organization initially recognizes loans and advances, deposits, and debt securities issued on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date at which the Organization becomes a party to the contractual provisions of the instrument.

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The Organization derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Organization is recognized as a separate asset or liability.

The Organization derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Organization also derecognizes certain assets when it charges off balances pertaining to the assets deemed to be uncollectible (see Note 10).

Offsetting — Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Organization has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Amortized Cost Measurement — The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, less any effect of impairment.

Identification and Measurement of Impairment of Financial Assets — At each balance sheet date, the Organization assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be reliably estimated.

The Organization considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment, by grouping together financial assets (carried at amortized cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a client, restructuring of a loan or advance by the Organization on terms that the Organization would not otherwise consider, indications that a client or issuer will enter the bankruptcy, or other observable data relating to a group of assets, such as adverse changes in the payment status of clients or issuers, or economic conditions that correlate with defaults .

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognized in the statements of profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognized through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

4.3 Property and equipment

4.3.1 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any. The amount is transferred to the respective category under the operating fixed assets when the assets are ready for intended use.

4.3.2 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is carried at cost less any identified impairment loss. Depreciation on all operating fixed assets is charged to profit on reducing balance method so as to write off the historical cost of an asset over its estimated useful life at the rates referred to in note 12 to the financial statements.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

Depreciation on addition to operating fixed assets is charged from the month in which the assets are acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Organization and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4 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 enterprise and that the cost of such asset can also be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets comprise of web site development charges and ERP software capitalized as assets and are amortized over theirs useful life, which is ten year.

The change in the useful life assessment from indefinite to finite will be accounted for as a change in an accounting estimate.

Intangible assets with indefinite useful life are not amortized but are assessed at each balance sheet date for any indication that intangible assets may be impaired.

If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Micro loans portfolio

Advances are stated net of provisions for non-performing advances. These interest free micro loans are not measured at market value because these are financed by non-interest bearing loans from Institutions/ Individuals and also because of their short term maturity. A provision is made at the rate annually determined on the basis of historical loss analysis of individual loan portfolio on year end. Individual loans outstanding for more than 90 days after their expiry are written off.

4.6 **Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.7 **Staff retirement benefits**

The Organization operates an unapproved defined contribution provident fund scheme for its permanent employees, who opt for the scheme. Monthly deductions are made from the salaries of the employees at the rate of 10% of basic salary. The Organization recognizes an equal charge in the income and expenditure account. The accumulated amount has been recognized as a liability in the balance sheet.

4.8 **Taxation**

The Organization has been granted exemption from tax by the Commissioner of Income Tax under clause 58 Part I of the Second Schedule of the Income Tax Ordinance, 2001.

4.9 **Revenue recognition**

Unrestricted/General fund

Service charges are calculated on the basis defined in the agreements with loaners and are recognized as income as soon as the right to receive is established.

Processing fee for micro credit loans collected from borrowers is recognized on receipt basis.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Restricted funds

As per the requirements of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Organization has adopted the restricted fund method for recognition of its following funds, as prescribed by ICAP in "Standards for Not-for-Profit Organizations (NPOs)" and "Accounting standards for not-for-profit organizations" issued by CPA Canada:

Donated fund

Donations received from general public under the Donated fund are recognized on receipt basis and are used for providing micro loans and for paying donations. Donations received in kind are measured at the market value prevailing at the time of the transaction.

Takaful fund

Donations received from general public under the Takaful fund are recognized on receipt basis and are used for subsidizing services of Akhuwat Health Clinic and for paying Zakat.

Contributed fund

The voluntary contribution by borrowers @ 1% of loan amount is recognized on receipt basis and used to write off loans of deceased/ disabled borrowers and to pay funeral charges to the heirs of deceased borrowers. The accumulated balance is reflected in Contributed fund.

Rehabilitation fund

The return on Rehabilitation fund is recognized on time proportion basis by reference to the principal outstanding and the applicable rate of return. This fund is used only for paying stipends to heirs of victims of suicide bomb attack.

5 **Use of critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting 'estimates. It also requires management to exercise its judgment in the process of applying the Organization's accounting policies. The Organization uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where assumptions and estimates are significant to the Organization's financial statements or where judgment was exercised in application of accounting policies are as follows:

1) Useful life and residual value assessment of operating fixed assets;
2) Allowance for impairment of loan; and
3) Classification of Investments.

6 **Application of new and revised IFRSs**

6(a) **New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2014**

The following standards, amendments and interpretations are effective for the year ended June 30, 2014. These standards, interpretations and the amendments are either not relevant to the Organization's operations or are not expected to have significant impact on the Organization's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements - Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 16 - Property, Plant and Equipment - Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	Effective from accounting period beginning on or after January 01, 2013
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013
The amendments to IAS 19	Employee Benefits is effective from accounting period beginning on or after January 01, 2013

6(b) **New accounting standards and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Organization's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	Effective from accounting period beginning on or after January 01, 2014
IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	Effective from accounting period beginning on or after January 01, 2014
IFRIC 21 - Levies	Effective from accounting period beginning on or after January 01, 2014

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IAS 27 (Revised 2011) - Separate Financial Statements due to non-adoption of IFRS 10 and
- IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures due to non- adoption

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

		Note	2014	2013
			---------Rupees---------	
7	**Cash and cash equivalents**			
	Cash at bank			
	- In current accounts		99,782,045	42,878,027
	- In saving accounts	7.1	1,147,574,462	846,695,235
			1,247,356,507	889,573,262
	Cash in hand		2,254,739	5,480,585
			1,249,611,246	895,053,847

7.1 These carry profit rate ranging from 4.75% to 5.5% (2013: 6% to 6.7%) per annum.

		Note	2014	2013
			---------Rupees---------	
8	**Investment at fair value through profit and loss**			
	NAFA riba free saving fund		35,264,525	31,183,083
	UBL - for Al-Ameen Islamic principal preservation fund-1		26,260,746	21,745,660
			61,525,271	52,928,743
9	**Financial assets held to maturity**			
	TDR in Bank Al Falah	9.1	21,500,000	161,500,000

9.1 Investments include TDRs with maturities up to December 29, 2015 and profit rates ranging from 8.84% to 11.75% per annum (2013: 10.42% to 11.75% per annum).

		Note	2014	2013
			---------Rupees---------	
10	**Micro loans receivable-net**			
	Educational loans	10.2	7,719,315	6,279,015
	Franchisee loans	10.3	5,407,282	5,133,221
	Individual loans	10.4	2,452,498,348	1,550,696,934
			2,465,624,945	1,562,109,170
	Less: provision for loan loss	10.5	(24,524,983)	(15,506,969)
			2,441,099,962	1,546,602,201
10.1	**Particular of advances - (gross)**			
	Short-term advances up to one year		2,203,390,022	1,495,994,431
	Short-term advances over one year		262,234,923	66,114,739
			2,465,624,945	1,562,109,170

10.2 These are long term interest-free micro loans given to needy students to meet their educational expenses.

10.3 This represents interest-free loans given to enterprise cum training institutes in different areas of Pakistan as part of the Organization's franchise programme developed to promote its objectives through partner organizations. Though these loans are treated as Qarz-e-Hasana with repayment terms of 1.5 years to 5 years; however, some of these loans do not have a specific repayment term. Details of franchisee loans are as follows:

	Note	2014	2013
		---------Rupees---------	
Choti		279,300	250,000
Dr. Syed Imran		480,000	-
Farz Foundation		395,000	395,000
Kawish Welfare Trust		1,614,000	1,614,000
Kharpur Sindh (formerly: Sojho-Kherpur)		200,000	200,000
Nishtar College Multan		500,000	-
Micro Loan Solar		40,500	-
The Pakistan Society for the Rehabilitation of the Disabled		300,000	300,000
Connecting Chain		1,500,000	1,500,000
Pakistan College of Commerce and Management		98,482	874,221
		5,407,282	5,133,221

10.4 This represents interest-free loans given to individuals for productive/income generating activities against a personal guarantee. An application form fee of Rs. 100 is charged and borrowers are also encouraged to contribute voluntarily out of their own savings/income towards Community Donation Programme. These loans have a repayment term ranging from 1 year to 2.5 years.

		Note	2014	2013
			---------Rupees---------	
10.5	**Provision for loan loss**			
	Balance as at July 1		15,506,969	7,602,301
	Charge for the year		15,522,199	10,238,867
			31,029,168	17,841,168
	Written off against individual loans		(6,504,185)	(2,334,199)
	Balance as at June 30		24,524,983	15,506,969
11	**Receivables and other assets**			
	Advance tax	11.1	1,293,383	2,046,870
	Accrued income		52,073	1,026,983
	Advances to staff	11.2	11,871,892	7,806,157
	Other receivables		10,679,332	17,546,931
	Office supplies		277,187	-
			24,173,867	28,426,941
11.1	**Movement of advance tax**			
	Balance as at July 1		2,046,870	2,205,387
	Additions during the year		6,261,498	1,531,904
			8,308,368	3,737,291
	Write off during the year		(7,014,985)	(1,690,421)
	Balance as at June 30		1,293,383	2,046,870

11.2 These represent long term loans to employees for purchase of motorcycles, house in a housing scheme, construction of house, repair and maintenance of existing house. This amount is payable over a period of 3 to 7 years by way of equal installments ranging from Rs. 1,000 to Rs. 2,000 per month and also include long term loans given to employees of Akhuwat for personal use. This amount is payable in variable installments over a period of more than one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

12 Property and equipment

	Free hold land	Buildings on free hold land	Furniture, fixture and office equipment	Vehicles	Construction in progress	Total
	---Rupees---					
Cost:						
Balance at July 1, 2012	16,465,615	935,000	6,199,728	92,600	16,521,890	40,214,833
Additions	33,807,860	-	4,491,432	7,129,250	13,889,808	59,318,350
Disposal	-	-	-	-	-	-
Balance at June 30, 2013	50,273,475	935,000	10,691,160	7,221,850	30,411,698	99,533,183
Balance at July 1, 2013	50,273,475	935,000	10,691,160	7,221,850	30,411,698	99,533,183
Additions	82,827,246	7,700,109	17,078,297	1,540,270	31,871,166	141,017,088
Transfers	(1,240,000)	1,240,000	-	-	-	-
Disposals / transfers	-	-	-	-	-	-
Balance at June 30, 2014	**131,860,721**	**9,875,109**	**27,769,457**	**8,762,120**	**62,282,864**	**240,550,271**
Accumulated depreciation:						
Balance at July 1, 2012	-	438,103	1,865,222	18,520	-	2,321,845
Charge for the year	-	49,690	1,358,824	852,567	-	2,261,081
Disposal	-	-	-	-	-	-
Balance at June 30, 2013	-	487,793	3,224,046	871,087	-	4,582,926
Balance at July 1, 2013	-	487,793	3,224,046	871,087	-	4,582,926
Charge for the year	-	659,591	2,351,280	1,481,723	-	4,492,594
Disposals	-	-	-	-	-	-
Balance at June 30, 2014	-	1,147,384	5,575,326	2,352,810	-	9,075,520
Carrying amounts:						
Balance at June 30, 2013	50,273,475	447,207	7,467,114	6,350,763	30,411,698	94,950,257
Balance at June 30, 2014	131,860,721	8,727,725	22,194,131	6,409,310	62,282,864	231,474,751
Rate of depreciation %		10	10-33.33	20		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

13 Intangible assets

	Website	MIS software	ERP software	Total
	Rupees			
Cost:				
Balance at July 1, 2012	364,320	-	-	364,320
Additions	105,812	1,735,534	-	1,841,346
Disposal	-	-	-	-
Balance at June 30, 2013	470,132	1,735,534	-	2,205,666
Balance at July 1, 2013	470,132	1,735,534	-	2,205,666
Additions	-	-	19,069,992	19,069,992
Disposals / write off	-	(1,735,534)	-	(1,735,534)
Balance at June 30, 2014	**470,132**	-	**19,069,992**	**19,540,124**
Accumulated depreciation:				
Balance at July 1, 2012	-	-	-	-
Charge for the year	31,100	-	-	31,100
Disposal	-	-	-	-
Balance at June 30, 2013	31,100	-	-	31,100
Balance at July 1, 2013	31,100	-	-	31,100
Charge for the year	47,013	-	635,666	682,679
Disposals	-	-	-	-
Balance at June 30, 2014	**78,113**	-	**635,666**	**713,779**
Carrying amounts:				
Balance at June 30, 2013	439,032	1,735,534	-	2,174,566
Balance at June 30, 2014	392,019	-	18,434,326	18,826,345
Rate of amortization %	10		10	

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	Note	2014	2013
		---------Rupees---------	
14 Creditors, accrued and other liabilities			
Profit payable to PSIC	14.1	6,519,232	19,958,782
Profit payable to GB	14.1	208,997	-
Accrued expenses		8,753,416	5,876,249
Other liabilities		9,589,557	7,480,984
		25,071,202	33,316,015

14.1 This represents the amount payable to Punjab Small Industries Corporation (PSIC) and Govt. of Gilgit and Baltistan (GB) in respect of profit earned on the loan amount received from PSIC and GB held in saving accounts. This profit is maintained for the purpose of disbursement to and recovery from the individual borrowers and the same is payable to PSIC and GB as per the loan agreement.

15 Provident fund payable

This represents the amount payable to employees in respect of provident fund scheme established in 2007.

	Note	2014	2013
		---------Rupees---------	
16 Loan for credit pool			
Loan from PSIC	16.1	3,000,000,000	2,000,000,000
Loan from GB	16.2	210,000,000	90,727,273
Loan from Lend with care	16.3	23,097,410	1,552,126
Loan from individuals		15,200,000	12,760,000
		3,248,297,410	2,105,039,399

16.1 This amount represents an interest free loan received from Punjab Small Industries Corporation (PSIC) for a period of five years starting from October 13, 2011. The loan amount will be used on a revolving basis to provide interest free micro loans under the terms explained in Note 10.4 above. Akhuwat is entitled to receive service charges @ 7% of the disbursed amount from PSIC to meet its operational needs.

16.2 This amount represents an interest free loan received from the Government of Gilgit & Baltistan for a period of five years started from April 15, 2013. The loan amount will be used on a revolving basis to provide interest free micro loans under the terms explained in Note 10.4 above. Akhuwat is entitled to receive service charges @ 10% of the disbursed amount from GB to meet its operational needs.

16.3 This amount represents an interest free loan received from Care International, UK. The loan amount will be used on a revolving basis to provide interest free micro loans under the terms explained in 10.4 above. Akhuwat is entitled to receive service charges amounting to USD 3,500 on disbursed amount to meet its operational needs.

	Note	2014	2013
		---------Rupees---------	
17 Commitments in respect of educational loans		404,000	643,800
18 Operating income			
Processing fee	18.1	32,239,431	20;828,836
Community donations	18.2	621,507	2,899,338
Operational donations	18.3	194,674,651	202,134,277
Income from AHS Clinic	18.4	864,830	837,220
		228,400,419	226,699,671

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18.1 This represents a fee received from prospective borrowers @ Rs.100 per application form.

18.2 This represents donations collected from donation boxes placed at different community centers and retail stores.

18.3 These represent donations given by donors to meet operational expenses.

18.4 This represents the token fee received from the patients visiting the health clinic both for outdoor checkups and for indoor treatments.

		Note	2014	2013
			---------Rupees---------	
19	**Other income**			
	Profit on bank deposits and TDRs		24,181,290	23,008,594
	Profit on investment at fair value through profit and loss		8,596,528	2,928,743
	Sale of books and compact disks		301,560	44,840
	Income from hide collection		2,363,372	1,278,922
	Miscellaneous		2,622,418	978,333
			38,065,168	28,239,432

20 The amount represents the donations received from general public which are used for providing interest free micro loans, subsidizing services of Akhuwat Health Clinic and for paying Zakat/ donations.

21 The amount represents the voluntary contributions by borrowers @ 1% of loan amount which is used to write off loans of deceased/ disabled borrowers and to pay funeral charges to the heirs of deceased borrowers.

		Note	2014	2013
			---------Rupees---------	
22	**General and administrative expenses**			
	Salaries, wages and other benefits		235,670,470	124,190,782
	Contribution to provident fund		876,877	746,028
	Travelling and conveyance		9,205,906	14,745,263
	Programme assistance		15,242,487	7,263,627
	Printing and photocopy		9,294,301	3,194,443
	Stationery		5,809,119	3,420,876
	Communication		5,395,750	3,655,005
	Office supplies		4,137,373	2,080,820
	Consultancy charges		5,957,505	5,170,511
	Fee and subscription		547,125	125,238
	Bank charges		855,886	1,228,274
	Depreciation	12	4,492,594	2,261,081
	Amortization	13	682,679	-
	Auditors' remuneration	22.1	753,000	753,000
	Utilities		3,528,605	1,906,884
	Repair and maintenance		1,834,036	952,972
	Rent		19,494,937	9,146,429
	Staff training		3,434,014	5,672,389
	Donations to IDPs		-	1,073,700
	Amounts written off - other than micro loans		8,750,519	1,690,421
	Miscellaneous		3,410,387	2,435,803
			339,373,570	191,713,546
22.1	**Auditors' remuneration**			
	Annual audit fee		500,000	500,000
	Out of pocket expenses		253,000	253,000
			753,000	753,000

23 Financial risk management

The Organization principal business activities by their nature involve assuming certain financial risks in order to achieve the desired financial and social returns. These risks include:

- Credit risk
- Market risk
- Liquidity risk
- Counterparty risk

There have been no substantive changes in the Organization's exposure to these risks, its objectives, policies and processes for managing these risks or the methods used to measure them from the year ended June 30, 2014, unless otherwise noted.

Credit Risk – Credit risk is the potential for financial loss resulting from the failure of a client or counterparty to honor its financial or contractual obligations. Credit risk arises from the Organization's microfinance activities.

The Organization's aggregate loan portfolio was PKR 2.465 billion and PKR 1.562 billion as of June 30, 2014 and 2013, respectively (see Note 10). the Organization's total allowances for impairments totaled PKR 24.540 million at June 30, 2014, a coverage ratio of 0.995% of total loans. The loan loss provision was PKR 15.506 million at June 30 2013, a coverage ratio of 0.993 % of total loans.

The Organization conducts annual historical loan-loss migration analysis across its portfolio in order to determine the probability of default, defined as all loans in arrears in excess of 90 days, as well as an examination of other current observable factors (e. g. macroeconomic, operational, policy and systems changes, political risk, etc.) in order to establish credit reserves.

The observations collected in 2014 were included in the migration analysis that forms the statistical base of the credit risk calculation. The migration analysis performed on advances portfolio estimates the probability of default of a loan portfolio over a year based on historical observations.

Exposure to credit risk at June 30, 2014 and 2013 is as follows:

Impaired Loans – Impaired loans are loans for which the Organization determines that it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan agreement.

Past Due but Not Impaired Loans – Past due, but not impaired loans are loans where contractual amounts are past due, but the Organization believes that impairment is not appropriate on the basis of the stage of collection of amounts owed to the Organization.

Allowances for Impairment – the Organization establishes an allowance for impairment losses that represents an estimate of probable or expected losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets with respect to losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-Off Policy – the Organization writes off a loan (and any related allowances for impairment losses) after the specified days. These days are based on the Organization's policy. Charge-off decisions are generally based on past due status.

Market Risk – Market risk includes price risk and liquidity risk, which arise in the normal course of the Organization's business:

- Price risk is the risk to earnings from changes in interest rates.
- Liquidity risk is the risk that a change in market conditions precludes the ability of the Organization to fund its existing asset base and operational requirements.

The Organization's financial performance is subject to some degree of risk due to changes in interest rates; however, the Organization's statements of financial position have significantly less interest rate risk that of a traditional financial institution:

- The tenor mismatch between assets and liabilities is far less.
- Neither the assets nor the liabilities of the Organization are tied to any particular market index and therefore do not automatically "reprice" during their stated tenor.
- The short-term nature of the Organization's loans to clients renders the benefit of prepayments to be immaterial – thus, changes in market rates have an immaterial effect on prepayments.

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Below is a consideration of interest rate risk by term of asset and liability as of June 30, 2014:

	Up to 3 months	3-6 months	7-12 months	1-3 years	More than 3 years	Non-Interest Sensitive Balances	Total
	Rupees						
Cash and cash equivalents	1,147,574,462	-	-	-	-	102,036,784	1,249,611,246
Investment at fair value through profit and loss	61,525,271	-		-	-	-	61,525,271
Financial assets held to maturity	-	-	-	21,500,000	-	-	21,500,000
Micro loans receivable-net					-	2,441,099,962	2,441,099,962
Receivables and other assets	-	-	-	-	-	22,603,297	22,603,297
Total assets	1,209,099,733	-	-	21,500,000	-	2,565,740,043	3,796,339,776
Creditors, accrued and other liabilities	-	-	-	-	-	25,071,202	25,071,202
Provident fund payable	-	-	-	-	-	7,550,825	7,550,825
Loan for credit pool	-	-	-	-	-	3,248,297,410	3,248,297,410
Total liabilities	-	-	-	-	-	3,280,919,437	3,280,919,437
Open position	1,209,099,733	-	-	21,500,000	-	(715,179,394)	515,420,339

Below is a consideration of interest rate risk by term of asset and liability as of June 30, 2013:

	Up to 3 months	3-6 months	7-12 months	1-3 years	More than 3 years	Non-Interest Sensitive Balances	Total
	Rupees						
Cash and cash equivalents	846,695,235	-	-	-	-	48,358,612	895,053,847
Investment at fair value through profit and loss	52,928,743	-	-	-	-	-	52,928,743
Financial assets held to maturity	-	-	-	161,500,000	-	-	161,500,000
Micro loans receivable-net	-	-	-	-	-	1,546,602,201	1,546,602,201
Receivables and other assets	-	-	-	-	-	26,380,071	26,380,071
Total assets	899,623,978	-	-	161,500,000	-	1,621,340,884	2,682,464,862
Creditors, accrued and other liabilities	-	-	-	-	-	33,316,015	33,316,015
Provident fund payable	-	-	-	-	-	5,231,410	5,231,410
Loan for credit pool	-	-	-	-	-	2,105,039,399	2,105,039,399
Total liabilities	-	-	-	-	-	2,143,586,824	2,143,586,824
Open position	899,623,978	-	-	161,500,000	-	(522,245,940)	538,878,038

The Organization has performed interest rate simulations based on the above GAP analysis to estimate the effect on net interest margin for differing levels of immediate and ongoing changes to market interest rates. A GAP analysis consists of separating the Organization's statement of financial position into different timeframes in which assets or liabilities mature. Note that the Organization can influence certain interest rates, e.g. deposit and lending rates, whereas other interest rates are determined by exogenous factors in the economy.

Liquidity Risk – Liquidity risk management includes (at a minimum) the identification, measurement and establishment of limits on potential losses arising from the difficulty of renewing liabilities under normal market conditions. The Organization's funding and liquidity objective is to fund its existing asset base (and maintain sufficient excess liquidity) so that it can operate under unusual/adverse market conditions. At the aggregate level, the Organization's goal is to ensure that there is sufficient funding in amount and tenor so that adequate liquid resources are available for all operating entities. The liquidity framework requires that entities be liquidity self-sufficient or net providers of liquidity. The primary sources of funding are non-interest bearing loans for credit pool and donations.

The Organization works to ensure that the structural tenor of these funding sources is sufficiently long in relation to the tenor of its asset base. In fact, the key goal of the Organization's asset-liability management is to ensure that there is excess tenor in the liability structure so as to provide excess liquidity to fund all assets. The excess liquidity resulting from a longer term liability tenor can effectively offset potential downward pressures on liquidity that may occur under market stress. This excess funding is held in the form of Organization deposits and in unencumbered liquid securities.

Liquidity management is the responsibility of senior management of the Organization and is overseen by the board of directors. The Organization maintains legal reserve requirements in accordance with local regulations.

A traditional view of the Organization's liquidity is provided by a GAP analysis. Considering the contractual terms of client loans, the Organization has a substantial amount of excess liquidity in the under 1 year timeframe.

At June 30, 2014:	Up to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	Total
	Rupees				
Cash and cash equivalents	1,249,611,246	-	-	-	1,249,611,246
Investment at fair value through profit and loss	61,525,271	-	-	-	61,525,271
Financial assets held to maturity	-	21,500,000	-	-	21,500,000
Micro loans receivable-net	2,178,865,039	261,870,343	364,580	-	2,441,099,962
Receivables and other assets	15,916,225	5,068,651	1,570,421	48,000	22,603,297
	3,505,917,781	288,438,994	1,935,001	48,000	3,796,339,776
Creditors, accrued and other liabilities	25,071,202	-	-	-	25,071,202
Provident fund payable	-	-	-	7,550,825	7,550,825
Loan for credit pool	-	1,000,200,000	1,225,000,000	1,023,097,410	3,248,297,410
	25,071,202	1,000,200,000	1,225,000,000	1,030,648,235	3,280,919,437
Liquidity gap	3,480,846,579	(711,761,006)	(1,223,064,999)	(1,030,600,235)	515,420,339
At June 30, 2013:					
Cash and cash equivalents	895,053,847	-	-	-	895,053,847
Investment at fair value through profit and loss	52,928,743	-	-	-	52,928,743
Financial assets held to maturity	-	161,500,000	-	-	161,500,000
Micro loans receivable-net	1,480,487,462	65,924,835	135,521	54,383	1,546,602,201
Receivables and other assets	21,742,243	2,767,523	746,484	1,123,821	26,380,071
	2,450,212,295	230,192,358	882,005	1,178,204	2,682,464,862
Creditors, accrued and other liabilities	33,316,015	-	-	-	33,316,015
Provident fund payable	-	-		5,231,410	5,231,410
Loan for credit pool	-	-	1,012,760,000	1,092,279,399	2,105,039,399
	33,316,015	-	1,012,760,000	1,097,510,809	2,143,586,824
Liquidity gap	2,416,896,280	230,192,358	(1,011,877,995)	(1,096,332,605)	538,878,038

The traditional GAP view tends to overstate the amount of near-term liquidity since it does not take into consideration the behavioral nature of the Organization's client loan portfolio. From a behavioral perspective, the Organization's clients are able to renew their loans for multiple terms, which lessen the amount of short-term liquidity (lowers the positive Gap in that timeframe). In spite of this, the Organization's statements of financial position remain liquid owing to the short asset tenor and to the fact that client loans amortize.

Counterparty Risk – the Organization's exposure to the financial loss associated with balances held in other financial institutions is managed in accordance with prescribed limits. The Organization looks at counterparty exposure on a monthly basis to make sure that Organization holds liquid funds with Organizations of high reputation or to invest in mutual funds.

The level of counterparty risk incurred reflects the nature and purpose of the assets held by the Organization (aside from its loan portfolio). Such assets are largely transactional in nature (generated by the routine payments by clients). In addition, a minimum amount of cash and liquid securities is held to ensure sufficient liquidity for the Organization. While the Organization tries to generate some income from these assets, the overriding objective is to ensure their secure placement and high level of availability – risk considerations predominate. This is particularly visible in the area of Organization placements, where the Organization is able to take active decisions with respect to the selection of counterparties and the maturity of placements.

24 Financial assets and liabilities — accounting classification and fair values

The table below sets out the Organization's classification of each class of financial assets and liabilities and their fair values at June 30, 2014 and 2013:

	At Fair Value through the Profit and Loss	Loans and Receivables	Financial Liabilities at Amortized Cost	Carrying Amount	Fair Value	Fair Value Hierarchy
	Rupees					
At June 30, 2014:						
Cash and cash equivalents	-	1,249,611,246	-	1,249,611,246	1,249,611,246	Level 3
Investment at fair value through profit and loss	61,525,271		-	61,525,271	61,525,271	Level 2
Financial assets held to maturity	-	-	21,500,000	21,500,000	21,500,000	Level 3
Micro loans receivable-net	-	-	2,441,099,962	2,441,099,962	2,441,099,962	Level 3
Receivables and other assets	-	24,173,867	-	24,173,867	24,173,867	Level 3
	61,525,271	1,273,785,113	2,462,599,962	3,797,910,346	3,797,910,346	
Creditors, accrued and other liabilities	-	-	25,071,202	25,071,202	25,071,202	Level 3
Loan for credit pool	-	-	3,248,297,410	3,248,297,410	3,248,297,410	Level 3
	-	-	3,273,368,612	3,273,368,612	3,273,368,612	
At June 30, 2013:						
Cash and cash equivalents	-	895,053,847	-	895,053,847	895,053,847	Level 3
Investment at fair value through profit and loss	52,928,743	-		52,928,743	52,928,743	Level 2
Financial assets held to maturity	-	-	161,500,000	161,500,000	161,500,000	Level 3
Micro loans receivable-net	-	-	1,546,602,201	1,546,602,201	1,546,602,201	Level 3
Receivables and other assets	-	28,426,941	-	28,426,941	28,426,941	Level 3
	52,928,743	923,480,788	1,708,102,201	2,684,511,732	2,684,511,732	
Creditors, accrued and other liabilities	-	-	33,316,015	33,316,015	33,316,015	Level 3
Loan for credit pool	-	-	2,105,039,399	2,105,039,399	2,105,039,399	Level 3
	-	-	2,138,355,414	2,138,355,414	2,138,355,414	

Cash and other financial assets (mainly represented by certificates of deposits that mature within 12 months and similar investments) and liabilities carrying amounts approximate their fair values. All receivables carrying amounts approximate fair value. In regards to the loans to clients; interest free loans are made from the credit pool generated from interest free loans mainly provided by the Government Institutions and also the majority of the loans are due within 12 months and thus the carrying amount approximates fair value.

Fair Value Measurement —As per the requirements of IFRS 7, Financial Instruments — Disclosures, we have disclosed the following fair value measurement hierarchy in the above table for financial assets and liabilities:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

25 Date of authorization

These financial statements were authorized on 04 JUN 2015 by the Board of Directors of the Organization.

26 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made during the year.

Executive Director

Chief Financial Officer