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Deloitte Yousuf Adil
Chartered Accountants

AKHUWAT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2016

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the accompanying financial statements of **Akhuwat** ("the Organization"), which comprise of the statement of financial position as at June 30, 2016, and the statement of income and expenditure, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRSs") as applicable in Pakistan, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2016, and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as applicable in Pakistan.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner

Rana M. Usman Khan

Date: November 29,2016

Lahore

AKHUWAT

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

	Note	2016	2015
		------------Rupees------------	
ASSETS			
Cash and cash equivalents	7	1,624,010,855	1,342,140,225
Investment at fair value through profit or loss	8	173,992,639	146,552,992
Financial assets held to maturity	9	111,500,000	104,500,000
Micro loans receivable-net	10	7,982,931,851	4,782,494,165
Receivables and other assets	11	61,016,393	43,276,847
Property and equipment	12	346,833,895	271,921,534
Intangible assets	13	16,301,473	17,423,129
Total assets		10,316,587,106	6,708,308,892
LIABILITIES			
Creditors, accrued and other liabilities	14	53,657,391	40,858,698
Provident fund payable	15	11,253,857	9,443,538
Loan for credit pool	16	8,848,845,101	5,620,845,414
Total liabilities		8,913,756,349	5,671,147,650
FUNDS			
Unrestricted			
General fund		30,839,255	(54,442,265)
Restricted			
Donated fund		1,150,291,622	983,196,114
Takaful fund		38,242,287	1,133,266
Rehabilitation fund		1,767,179	1,724,467
Contributed fund		174,189,322	101,424,017
Reserves for loan loss		7,501,092	4,125,643
		1,371,991,502	1,091,603,507
Total funds		1,402,830,757	1,037,161,242
Contingencies and commitments	17		
Total liabilities and funds		10,316,587,106	6,708,308,892

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The annexed notes from 1 to 28 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, 2016

	Note	Unrestricted fund	Restricted					2016	2015
			Donated fund	Takaful fund	Rehabilitation fund	Contributed fund	Reserves for loan loss		
		Rupees							
Income									
Operating income	18	824,057,925	-	-	-	-	-	824,057,925	491,947,721
Other income	19	23,715,412	-	-	-	-	-	23,715,412	32,718,635
Donations received during the year	20	-	352,478,542	59,307,036	-	-	-	411,785,578	272,045,202
Contributions received during the year	21	-	-	-	-	104,337,764	3,868,044	108,205,808	75,380,031
Return on bank deposits		25,302,675	6,853,680	577,565	96,712	176,065	-	33,006,697	26,104,657
Expenditure									
General and administrative expenses	22	754,467,746	-	-	-	-	-	754,467,746	477,285,477
Provision for loan loss	10.5	38,351,502	-	-	-	-	492,595	38,844,097	29,074,305
Donations paid during the year		-	192,236,714	-	-	-	-	192,236,714	80,751,394
Zakat paid during the year		-	-	17,750,824	-	-	-	17,750,824	21,780,827
Stipends paid during the year		-	-	-	54,000	-	-	54,000	67,500
Death claims settled during the year		-	-	-	-	31,748,524	-	31,748,524	19,367,506
		792,819,248	192,236,714	17,750,824	54,000	31,748,524	492,595	1,035,101,905	628,327,009
Surplus for the year		80,256,764	167,095,508	42,133,777	42,712	72,765,305	3,375,449	365,669,515	269,869,237
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		80,256,764	167,095,508	42,133,777	42,712	72,765,305	3,375,449	365,669,515	269,869,237

The annexed notes from 1 to 28 form an integral part of these financial statements.

Executive Director

Chief Financial Officer

AKHUWAT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		---------Rupees---------	
Cash flow from operating activities			
Surplus for the year		365,669,515	269,869,237
Adjustments for:			
Depreciation on property and equipment	12	15,815,250	7,457,803
Amortization of Intangibles	13	1,765,646	1,915,680
Profit on bank deposits and investments		(45,628,878)	(49,515,844)
Provision for loan loss	10.5	38,351,502	29,074,305
		10,303,520	(11,068,056)
		375,973,035	258,801,181
Change in working capital			
Increase in micro loans receivable		(3,238,789,188)	(2,370,468,508)
Increase in receivables and other assets		(17,739,546)	(19,102,980)
Increase in creditors, accrued and other liabilities		12,798,693	15,787,496
Increase in provident fund payable		1,810,319	1,892,713
		(3,241,919,722)	(2,371,891,279)
Net cash used in operating activities		(2,865,946,687)	(2,113,090,098)
Cash flow from investing activities			
Purchase of property and equipment	12	(90,727,611)	(47,904,586)
Purchase of intangible assets	13	(643,990)	(512,464)
Purchase of investments		(21,817,466)	(168,027,721)
Profit on bank deposits		33,006,697	49,515,844
Net cash used in investing activities		(80,182,370)	(166,928,927)
Cash flow from financing activities			
Loan for credit pool received		3,227,999,687	2,372,548,004
Net cash generated from financing activities		3,227,999,687	2,372,548,004
Net increase in cash and cash equivalents		281,870,630	92,528,979
Cash and cash equivalent at the beginning of the year		1,342,140,225	1,249,611,246
Cash and cash equivalents at the end of the year		1,624,010,855	1,342,140,225

The annexed notes from 1 to 28 form an integral part of these financial statements.

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Executive Director

Chief Financial Officer

AKHUWAT

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Restricted					
	General fund	Donated fund	Takaful fund	Rehabilitation fund	Contributed fund	Reserves for loan loss	Total
		Rupees					
Balance as at June 30, 2014	(101,482,480)	819,048,982	(1,417,505)	1,605,873	49,537,135	-	767,292,005
Comprehensive income:							
Surplus for the year	44,225,137	164,147,132	5,365,849	118,594	51,886,882	4,125,643	269,869,237
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	44,225,137	164,147,132	5,365,849	118,594	51,886,882	4,125,643	269,869,237
Deficit of Akhuwat Health Clinic transferred to Takaful fund	2,815,078	-	(2,815,078)	-	-	-	-
Balance as at June 30, 2015	**(54,442,265)**	**983,196,114**	**1,133,266**	**1,724,467**	**101,424,017**	**4,125,643**	**1,037,161,242**
Comprehensive income:							
Surplus for the year	80,256,764	167,095,508	42,133,777	42,712	72,765,305	3,375,449	365,669,515
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	80,256,764	167,095,508	42,133,777	42,712	72,765,305	3,375,449	365,669,515
Deficit of Akhuwat Health Clinic transferred to Takaful fund	5,024,756	-	(5,024,756)	-	-	-	-
Balance as at June 30, 2016	**30,839,255**	**1,150,291,622**	**38,242,287**	**1,767,179**	**174,189,322**	**7,501,092**	**1,402,830,757**

The annexed notes from 1 to 28 form an integral part of these financial statements.

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Executive Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 500 (2015: 352) branches all over the country.

The Organization was established to provide interest free 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
- Identifying people/organizations desirous of planning and executing such programmes elsewhere and providing them with necessary support and resources.

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

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. Further following assets were purchased under the terms of said agreement currently used by the Organization but are property of PIDSA.

	2016	2015
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 pertaining to the amount of these assets. These assets are in use of the Organization but are property of Plan.

	2016	2015
	---------Rupees---------	
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 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 for the Investment at fair value through profit or loss which 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 date 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 statement of income and expenditure. 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.

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 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 statement of income and expenditure.

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

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

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 micro loans and receivables & other assets 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.

Subsequent to initial recognition these are measured at fair value. Gains and losses arising from changes in fair value of derivatives classified as financial assets and liabilities at fair value through profit or loss are recognized in income and expenditure account.

Unrealized gains on investment held on fair value through profit or loss are charged to income and expenditure account.

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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 income and expenditure 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 income and expenditure account.

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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.

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 and expenditure 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.

4.5 Impairment

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.

4.6 Micro loans portfolio

Advances are stated net of provisions for non-performing advances. These interest free micro loans are not measured at fair value at initial recognition because these are financed by non-interest bearing loans from Institutions/ Individuals. 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.

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4.7 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.

4.8 Staff retirement benefits

The Organization operates an unapproved defined contribution provident fund scheme for its permanent employees, who opt for the scheme prior to June 30, 2012. 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.

4.9 Taxation

The organization has been approved as a non-profit organization under section 2(36) of the Income Tax Ordinance, 2001 by the Commissioner Inland Revenue as it is working as a non-profit organization evaluated positively by Pakistan Centre for Philanthropy. The income of the organization is subject to 100% tax credit under section 100(C) of the Income Tax Ordinance, 2001.

4.10 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

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)"

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.

Reserves for loan loss

As per the agreement between the Organization and Prime Minister Interest Free Loan Scheme, reserve for loan loss has been created 2% of outstanding portfolio under this scheme. This reserve is used for the write off of loans given under this scheme and is replenished by the Organization from own sources.

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.
4) Assessment of useful life of intangibles .

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, 2016**

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. 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.

IFRS 10 - Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IFRS 11 - Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 - Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 - Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015
IAS 27 (Revised 2011) - Separate Financial Statements	Effective from accounting period beginning on or after January 01, 2015
IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015

6(b) **New accounting standards / amendments 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 Organization's operations or are not expected to have significant impact on the Organization's financial statements other than certain additional disclosures.

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	Effective from accounting period beginning on or after January 01, 2018

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Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely. Earlier adoption is permitted.
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	Effective from accounting period beginning on or after January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	Effective from accounting period beginning on or after January 01, 2016

Certain annual improvements have also been made to a number of IFRSs.

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:

- IFRS 1 - First Time Adoption of International Financial Reporting Standards
- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases

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		Note	2016	2015
			---------Rupees---------	
7	**Cash and cash equivalents**			
	Cash at bank			
	- In current accounts		125,133,243	98,280,231
	- In saving accounts	7.1	1,494,704,563	1,240,376,526
			1,619,837,806	1,338,656,757
	Cash in hand		4,173,049	3,483,468
			1,624,010,855	1,342,140,225

7.1 These deposits are held in islamic banking accounts and carry profit rate ranging from 2.90% to 3.70% (2015: 3.40% to 4.25%) per annum.

		Note	2016	2015
			---------Rupees---------	
8	**Investment at fair value through profit or loss**			
	NAFA riba free saving fund		79,694,063	73,246,934
	UBL-Separately Managed Account I & II		78,521,774	73,306,058
	UBL-Al-Ameen Islamic Asset Allocation fund		15,776,802	-
			173,992,639	146,552,992
9	**Financial assets held to maturity**			
	Term deposit receipts	9.1	111,500,000	101,500,000
	Mudarbah investment	9.2	-	3,000,000
			111,500,000	104,500,000

9.1 These term deposit receipts are held in islamic banking accounts and will mature up to December 29, 2018. It carries profit rates ranging from 5.71% to 7.60% (2015: 6.91% to 9.25%) per annum.

9.2 This investment has matured on October 14, 2015 and carried profit rate 11% per annum.

		Note	2016	2015
			---------Rupees---------	
10	**Micro loans receivable-net**			
	Educational loans	10.2	8,846,215	8,654,215
	Franchisee loans	10.3	9,633,982	8,677,982
	Individual loans	10.4	8,045,093,247	4,813,294,917
			8,063,573,444	4,830,627,114
	Less: provision for loan loss	10.5	(80,641,593)	(48,132,949)
			7,982,931,851	4,782,494,165
10.1	**Particular of micro loans**			
	Due within one year		6,699,175,093	4,298,285,360
	Over one year		1,364,398,351	532,341,754
			8,063,573,444	4,830,627,114

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

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10.3 These represent 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:

	2016	2015
	---------Rupees---------	
Kiran Foundation	2,500,000	2,500,000
Kawish Welfare Trust	1,614,000	1,614,000
Brotherhood Education trust (Associated Undertaking)	1,500,000	1,500,000
Nishtar College Multan	500,000	500,000
Farz Foundation	395,000	395,000
The Pakistan Society for the Rehabilitation of the Disabled	300,000	300,000
Dr. Syed Imran	276,000	540,000
Choti	250,000	250,000
Kharpur Sindh (formerly: Sojho-Kherpur)	200,000	200,000
Pakistan College of Commerce and Management	98,482	98,482
Micro Loan Solar	40,500	40,500
Others	1,960,000	740,000
	9,633,982	8,677,982

10.4 **Individual loans**

	2016	2015
Balance as at July 1	4,813,294,917	2,427,973,365
Disbursed during the year	11,115,534,694	9,164,389,957
	15,928,829,611	11,592,363,322
Recovered during the year	(7,877,893,506)	(6,773,602,066)
	8,050,936,105	4,818,761,256
Written off during the year	(5,842,858)	(5,466,339)
Balance as at June 30	8,045,093,247	4,813,294,917

These represent interest-free loans given to individuals for productive/income generating activities against a personal guarantee. An application form fee of Rs. 200 (2015: Rs. 200) 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. Further related detail of individual loans are as follows:

	2016	2015
Total amount disbursed (Rs.)	27,364,126,536	16,248,591,842
Total number Of borrowers	1,425,804	929,346
Number of male borrowers	837,656	558,886
Number of female borrowers	588,148	370,460
Number of active loans at June 30	567,761	405,937
Recovery percentage	99.93%	99.90%

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		Note	2016	2015
			---------Rupees---------	
10.5	**Provision for loan loss**			
	Balance as at July 1		48,132,949	24,524,983
	Charge for the year		38,351,502	29,074,305
			86,484,451	53,599,288
	Written off against individual loans		(5,842,858)	(5,466,339)
	Balance as at June 30		80,641,593	48,132,949
11	**Receivables and other assets**			
	Advance tax	11.1	4,582,651	3,758,972
	Accrued income		12,431,013	13,111,729
	Advances to staff	11.2	20,185,059	14,407,751
	Other receivables	11.3	23,582,680	10,301,164
	Office supplies		234,990	1,697,231
			61,016,393	43,276,847
11.1	**Movement of advance tax**			
	Balance as at July 1		3,758,972	1,293,383
	Additions during the year		823,679	2,465,589
	Balance as at June 30		4,582,651	3,758,972

11.2 These represent long term loans to employees for purchase of motorcycles, construction of new house, repair/maintenance of existing house. These loans are 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, also include long term loans given to employees of Akhuwat for personal use. These loans are payable in variable installments over a period of more than one year.

11.3 It includes prepaid rent, security deposits and advances given to vendors against miscellaneous purchases.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2014	131,860,721	9,875,109	27,769,457	8,762,120	62,282,864	240,550,271
Additions	14,301,250	-	8,819,413	7,591,899	17,192,024	47,904,586
Transfers	-	75,414,888	-	-	(75,414,888)	
Disposal / transfer	-	-	-	-	-	-
Balance at June 30, 2015	146,161,971	85,289,997	36,588,870	16,354,019	4,060,000	288,454,857
Balance at July 1, 2015	146,161,971	85,289,997	36,588,870	16,354,019	4,060,000	288,454,857
Additions	69,608,540	-	16,069,216	5,049,855	-	90,727,611
Transfers	2,400,000				(2,400,000)	-
Disposals / transfers	-	-	-	-		-
Balance at June 30, 2016	**218,170,511**	**85,289,997**	**52,658,086**	**21,403,874**	**1,660,000**	**379,182,468**
Accumulated depreciation:						
Balance at July 1, 2014	-	1,147,384	5,575,326	2,352,810	-	9,075,520
Charge for the year	-	1,501,231	3,963,048	1,993,524	-	7,457,803
Disposal	-	-	-	-	-	-
Balance at June 30, 2015	-	2,648,615	9,538,374	4,346,334	-	16,533,323
Balance at July 1, 2015	-	2,648,615	9,538,374	4,346,334	-	16,533,323
Charge for the year	-	8,264,138	4,961,740	2,589,372	-	15,815,250
Disposals	-	-	-	-	-	-
Balance at June 30, 2016	-	**10,912,753**	**14,500,114**	**6,935,706**	-	**32,348,573**
Carrying amounts:						
Balance at June 30, 2015	146,161,971	82,641,382	27,050,496	12,007,685	4,060,000	271,921,534
Balance at June 30, 2016	**218,170,511**	**74,377,244**	**38,157,972**	**14,468,168**	**1,660,000**	**346,833,895**
Rate of depreciation %		**10**	**10-33.33**	**20**		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

13 **Intangible assets**

	Website	ERP software	Total
		Rupees	
Cost:			
Balance at July 1, 2014	470,132	19,069,992	19,540,124
Additions	126,048	386,416	512,464
Disposal	-	-	-
Balance at June 30, 2015	596,180	19,456,408	20,052,588
Balance at July 1, 2015	596,180	19,456,408	20,052,588
Additions	-	643,990	643,990
Disposals / write off	-	-	-
Balance at June 30, 2016	**596,180**	**20,100,398**	**20,696,578**
Accumulated depreciation:			
Balance at July 1, 2014	78,113	635,666	713,779
Charge for the year	49,706	1,865,974	1,915,680
Disposal	-	-	-
Balance at June 30, 2015	127,819	2,501,640	2,629,459
Balance at July 1, 2015	127,819	2,501,640	2,629,459
Charge for the year	70,169	1,695,477	1,765,646
Disposals	-	-	-
Balance at June 30, 2016	**197,988**	**4,197,117**	**4,395,105**
Carrying amounts:			
Balance at June 30, 2015	468,361	16,954,768	17,423,129
Balance at June 30, 2016	**398,192**	**15,903,281**	**16,301,473**
Rate of amortization %	**10**	**10**	

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	Note	2016	2015
		---------Rupees---------	
14 Creditors, accrued and other liabilities			
Profit payable to PSIC	14.1	6,801,839	9,000,049
Profit payable to GB	14.1	4,141,766	3,651,127
Profit payable to PPAF	14.1	8,991,063	1,986,216
Profit payable to TEVTA	14.1	142,934	-
Profit payable to FATA	14.1	4,935,702	-
Accrued expenses		20,910,866	21,424,027
EOBI payable		1,372,475	-
Other liabilities		6,360,746	4,797,279
		53,657,391	40,858,698

14.1 This represents the amount payable in respect of profit earned on the loan amount received from loaners and 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 loaners as per the loan agreements.

15 Provident fund payable

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

	Note	2016	2015
		---------Rupees---------	
16 Loan for credit pool			
Loan from PSIC	16.2	7,000,000,000	5,000,000,000
Loan from GB	16.3	385,000,000	210,000,000
Loan from lend with care	16.4	59,559,469	36,276,548
Loan from PMIFL	16.5	446,000,000	336,000,000
Loan from TEVTA	16.6	500,000,000	-
Loan from FATA	16.7	412,000,000	-
Loan from individuals		46,285,632	38,568,866
		8,848,845,101	5,620,845,414
16.1 Particulars of loan for credit pool			
Up to one year		1,038,285,632	23,568,866
Over one year		7,810,559,469	5,597,276,548
		8,848,845,101	5,620,845,414

16.2 This amount represents interest free loan received from Punjab Small Industries Corporation (PSIC) for a period of five years. The loan amount is to 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 at the rate of 7% of the disbursed amount from PSIC to meet its operational expenses.

16.3 This amount represents interest free loan received from the Government of Gilgit & Baltistan (GB) for a period of five years started from April 15, 2013. The loan amount is to 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 at the rate of 10% of the disbursed amount from GB to meet its operational expenses.

16.4 This amount represents interest free loan received from Care International, UK. The loan amount is to 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 at the rate of USD 3,500 per annum to meet its operational expenses.

16.5 This represents interest free loan received from Pakistan Poverty Alleviation Fund under Prime Minister Interest Free Loan Scheme for a period of four years starting from August 12, 2014. Akhuwat is entitled to receive service charges at the rate of 10% of loan received inclusive of 2% of loan loss fund as explained in note 4.9.

16.6 This represents interest free loan received from Technical Education & Vocational Training Authority for a period of five years starting from October 19, 2015. The loan amount is to be used on a revolving basis to provide interest free micro loans to TEVTA graduates. Akhuwat is entitled to receive service charges at the rate of 8% of the disbursed amount from TEVTA to meet its operational expenses.

16.7 This represents interest free loan received from FATA Development Authority for a period of five years starting from September 22, 2015. The loan amount is to be used on a revolving basis to provide interest free micro loans to the people of FATA. Akhuwat is entitled to receive service charges at the rate of 10% of the disbursed amount from FATA Development Authority to meet its operational expenses.

17 Contingencies and commitments

17.1 Contingencies

There are no contingencies as at June 30, 2016 and June 30, 2015.

Commitments

Commitments in respect of educational loans as at June 30, 2016 Rs. 144,500 (2015: Rs. 258,000)

18 Operating income	Note	**2016**	2015
		---------Rupees---------	
Processing fee	18.1	**118,594,200**	85,500,300
Community donations	18.2	**351,842**	510,084
Operational donations / Service charges	18.3	**703,348,073**	404,809,107
Income from AHS Clinic	18.4	**1,763,810**	1,128,230
		824,057,925	491,947,721

18.1 This represents fee received from prospective borrowers Rs. 200 (2015: Rs. 200) per application form.

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

18.3 These represent the service charges received from loaners against disbursement of interest free micro loans 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.

19 Other income	**2016**	2015
	---------Rupees---------	
Profit on investment at fair value through profit or loss	**12,622,181**	23,597,281
Sale of books and compact disks	**181,150**	2,389,496
Income from hide collection	**4,130,729**	3,780,745
Miscellaneous	**6,781,352**	2,951,113
	23,715,412	32,718,635

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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 at the rate of 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	2016	2015
		---------Rupees---------	
22 General and administrative expenses			
Salaries, wages and other benefits		549,666,066	346,822,353
Contribution to provident fund		902,907	858,584
Travelling and conveyance		18,253,883	10,740,996
Programmed assistance		19,679,034	11,668,517
Printing and stationery		35,181,359	19,788,341
Communication		9,232,738	6,475,370
Office supplies		4,109,563	6,201,181
Consultancy charges		5,903,807	5,116,956
Fee and subscription		315,025	833,534
Bank charges		104,434	288,199
Depreciation	12	15,815,250	7,457,803
Amortization	13	1,765,646	1,915,680
Auditors' remuneration	22.1	1,200,000	950,000
Utilities		9,630,982	5,224,374
Repair and maintenance		5,689,746	4,131,988
Rent		47,231,970	31,044,627
Staff training		3,158,267	1,658,379
Donations to IDPs		1,100,000	5,247,419
Students scholarship		769,130	-
Miscellaneous		24,757,939	10,861,176
		754,467,746	477,285,477
22.1 Auditors' remuneration			
Annual audit fee		1,050,000	750,000
Out of pocket expenses		150,000	200,000
		1,200,000	950,000

23 **Transactions with related party**

Related parties comprise of the organizations with common director and key mangemnet personnel. The Organization in the normal course of business carries out various transactions with its related parties. The balance due from related parties has been disclosed in the relevant notes to the financial statements. Details of transitions with related parties are as follows:

		2016	2015
		---------Rupees---------	
Relationship with party	**Nature of transaction**		
Associated Undertaking	Donation paid	130,320,000	56,500,000
	Qarz-e-Hasna	-	1,500,000
Key management	Short term employee benefits	2,269,196	1,808,013
		132,589,196	59,808,013

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Below is a consideration of profit rate risk by term of asset and liability as of June 30, 2016:

	Profit Sensitive Balances	Non-Profit Sensitive Balances
	---------- Rupees ----------	
Cash and cash equivalents	1,494,704,563	129,306,292
Investment at fair value through profit or loss	-	173,992,639
Financial assets held to maturity	111,500,000	-
Micro loans receivable-net	-	7,982,931,851
Other Receivables	-	56,198,752
	1,606,204,563	8,342,429,534
Creditors, accrued and other liabilities	-	53,657,391
Provident fund payable	-	11,253,857
Loan for credit pool	-	8,848,845,101
Total liabilities	-	8,913,756,349
Open position	1,606,204,563	(571,326,815)

Below is a consideration of profit rate risk by term of asset and liability as of June 30, 2015:

	Profit Sensitive Balances	Non-Profit Sensitive Balances
	---------- Rupees ----------	
Cash and cash equivalents	1,240,376,526	101,763,699
Investment at fair value through profit or loss	-	146,552,992
Financial assets held to maturity	104,500,000	-
Micro loans receivable-net	-	4,782,494,165
Receivables and other assets	-	37,820,644
Total assets	1,344,876,526	5,068,631,500
Creditors, accrued and other liabilities	-	40,858,698
Provident fund payable	-	9,443,538
Loan for credit pool	-	5,620,845,414
Total liabilities	-	5,671,147,650
Open position	1,344,876,526	(602,516,150)

The Organization has performed profit rate simulations based on the above GAP analysis to estimate the effect on net profit margin for differing levels of immediate and ongoing changes to market profit rates. A GAP analysis consists of separating the Organization's statement of financial position into different time frames in which assets or liabilities mature. Note that the Organization can influence certain profit rates, e.g. deposit and lending rates, whereas other profit 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 activities. The liquidity framework requires that entities be liquidity self-sufficient or net providers of liquidity. The primary sources of funding are non-profit 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, 2016:	Up to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
	Rupees			
Cash and cash equivalents	1,624,010,855	-	-	-
Investment at fair value through profit or loss	173,992,639	-	-	-
Financial assets held to maturity	-	111,500,000	-	-
Micro loans receivable-net	6,618,533,500	1,348,248,514	5,273,106	10,876,731
Receivables and other assets	39,942,796	10,228,389	2,223,980	3,803,587
	8,456,479,790	1,469,976,903	7,497,086	14,680,318
Creditors, accrued and other liabilities	52,284,916	-	-	-
Provident fund payable	-	-	-	11,253,857
Loan for credit pool	1,038,285,632	2,546,000,000	5,264,559,469	-
	1,090,570,548	2,546,000,000	5,264,559,469	11,253,857
Liquidity gap	7,365,909,242	(1,076,023,097)	(5,257,062,383)	3,426,461
At June 30, 2015:				
Cash and cash equivalents	1,342,140,225	-	-	-
Investment at fair value through profit or loss	146,552,992	-	-	-
Financial assets held to maturity	104,500,000	-	-	-
Micro loans receivable-net	4,250,152,411	531,792,786	548,968	-
Receivables and other assets	26,965,335	10,782,763	72,546	-
	5,870,310,963	542,575,549	621,514	-
Creditors, accrued and other liabilities	40,858,698	-	-	-
Provident fund payable	-	-	-	9,443,538
Loan for credit pool	10,000,000	2,546,000,000	3,004,000,000	60,845,414
	50,858,698	2,546,000,000	3,004,000,000	70,288,952
Liquidity gap	5,819,452,265	(2,003,424,451)	(3,003,378,486)	(70,288,952)

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.

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25 **Financial assets and liabilities — accounting classification and fair values**

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 measurement date.

The table below sets out the Organization's classification of each class of financial assets and liabilities and their fair values at June 30, 2016 and 2015:

	At Fair Value through the Profit or Loss	Loans and Receivables	Financial Assets / Liabilities at Amortized Cost	Carrying Amount	Fair Value	Fair Value Hierarchy
	---------- Rupees ----------					
At June 30, 2016:						
Cash and cash equivalents	-	1,624,010,855	-	1,624,010,855	1,624,010,855	Level 3
Investment at fair value through profit or loss	173,992,639		-	173,992,639	173,992,639	Level 2
Financial assets held to maturity	-	-	111,500,000	111,500,000	111,500,000	Level 3
Micro loans receivable-net	-	7,982,931,851	-	7,982,931,851	7,982,931,851	Level 3
Receivables and other assets	-	56,198,752	-	56,198,752	56,198,752	Level 3
	173,992,639	9,663,141,458	111,500,000	9,948,634,097	9,948,634,097	
Creditors, accrued and other liabilities	-	-	52,214,916	52,214,916	52,214,916	Level 3
Loan for credit pool	-	-	8,848,845,101	8,848,845,101	8,848,845,101	Level 3
	-	-	8,901,060,017	8,901,060,017	8,901,060,017	
At June 30, 2015:						
Cash and cash equivalents	-	1,342,140,225	-	1,342,140,225	1,342,140,225	Level 3
Investment at fair value through profit or loss	146,552,992	-	-	146,552,992	146,552,992	Level 2
Financial assets held to maturity	-	-	104,500,000	104,500,000	104,500,000	Level 3
Micro loans receivable-net	-	4,782,494,165		4,782,494,165	4,782,494,165	Level 3
Receivables and other assets	-	37,820,644	-	37,820,644	37,820,644	Level 3
	146,552,992	6,162,455,034	104,500,000	6,413,508,026	6,413,508,026	
Creditors, accrued and other liabilities	-	-	40,858,698	40,858,698	40,858,698	Level 3
Loan for credit pool	-	-	5,620,845,414	5,620,845,414	5,620,845,414	Level 3
	-	-	5,661,704,112	5,661,704,112	5,661,704,112	

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)

26 **Date of authorization**

These financial statements were authorized on 29 NOV 2016 by the Board of Directors of the Organization.

27 **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.

28 **General**

Figures have been rounded off to the nearest Rupee

Executive Director **Chief Financial Officer**