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**MOUNTAIN AND GLACIER PROTECTION  
ORGANIZATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2017**

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Chartered Accountants  
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## INDEPENDENT AUDITOR'S REPORT

### To The Board of Directors

#### Opinion

We have audited the financial statements of **Mountain and Glacier Protection Organization (the Organization)**, which comprise the Balance Sheet as at 30 June, 2017, and the Income and Expenditure Account, Statement of Changes in General Fund and Cash Flow Statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 30 June, 2017, and its financial performance and its cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) issued by the Institute of Chartered Accountants of 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Organization's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Ey Amir Roshan*

**Chartered Accountants**

**Audit Engagement Partner's name:** Khayyam Mushir

**Auditor address:** Islamabad

**Date:** 22 January, 2018

**MOUNTAIN AND GLACIER PROTECTION ORGANIZATION**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2017**

	Note	2017 -----Rupees-----	2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	2,127,366	694,314
<b>CURRENT ASSETS</b>			
Receivable from donors	6	7,216,950	1,672,851
Advances, deposits and prepayments	7	587,760	515,637
Cash and bank balances	8	37,829,678	16,704,953
		45,634,388	18,893,441
<b>TOTAL ASSETS</b>		<b>47,761,754</b>	<b>19,587,755</b>
<b>FUND AND LIABILITIES</b>			
General fund		9,685,853	6,559,484
<b>CURRENT LIABILITIES</b>			
Restricted grant - unutilized	9	21,579,810	921,971
Accrued and other liabilities	10	16,496,091	12,106,300
<b>TOTAL FUND AND LIABILITIES</b>		<b>47,761,754</b>	<b>19,587,755</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

The annexed notes, from 1 to 17, form an integral part of these financial statements.

  
 CHIEF EXECUTIVE OFFICER

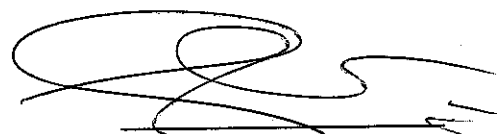
  
 DIRECTOR

**MOUNTAIN AND GLACIER PROTECTION ORGANIZATION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
Note	-----Rupees-----	
<b>INCOME</b>		
Programme donors' grant	40,039,574	16,865,723
Donations	1,906,511	891,171
Other income	1,731,556	1,683,790
	<b>43,677,641</b>	<b>19,440,684</b>
<b>EXPENDITURE</b>		
Programme expenditure		
Programme activities	26,587,766	7,347,264
Logistics and supervisory costs	12,344,647	9,876,376
	<b>38,932,413</b>	<b>17,223,640</b>
Administrative costs	1,618,859	5,333,181
	<b>40,551,272</b>	<b>22,556,821</b>
<b>EXCESS OF INCOME OVER EXPENDITURE / (EXCESS OF EXPENDITURE OVER INCOME)</b>	<b>3,126,369</b>	<b>(3,116,137)</b>

The annexed notes, from 1 to 17, form an integral part of these financial statements.

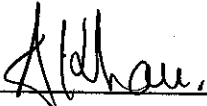
  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

**MOUNTAIN AND GLACIER PROTECTION ORGANIZATION  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund
	Rupees
Balance as at 01 July, 2015	9,675,621
Excess of expenditure over income	(3,116,137)
<b>Balance as at 30 June, 2016</b>	<b>6,559,484</b>
Excess of income over expenditure	3,126,369
<b>Balance as at 30 June, 2017</b>	<b>9,685,853</b>

The annexed notes, from 1 to 17, form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**MOUNTAIN AND GLACIER PROTECTION ORGANIZATION**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
	------(Rupees)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of Income over Expenditure / (Excess of Expenditure over Income)	3,126,369	(3,116,137)
Adjustments for non-cash charges and other items:		
Depreciation	330,346	1,079,500
Gain on disposal of fixed assets	(1,132,000)	(392,680)
Gain on disposal of scrap	-	(99,674)
Profit on bank deposits	(599,556)	(646,028)
	(1,401,210)	(58,882)
Changes in working capital	1,725,159	(3,175,019)
<b>Working capital changes:</b>		
<b>Decrease / (increase) in current assets</b>		
Advances, deposits and prepayments	(72,123)	473,864
Receivable from donors	(5,544,099)	(466,713)
<b>Increase / (decrease) in current liabilities</b>		
Restricted grant - utilized	20,657,838	(2,336,169)
Accrued and other liabilities	4,389,791	(4,841,176)
	19,431,407	(7,170,194)
<b>Net cash generated from / (used in) operating activities</b>	<b>21,156,566</b>	<b>(10,345,213)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(1,763,397)	-
Sale proceeds from disposal	1,132,000	909,000
Profit on bank deposits received	599,556	646,028
<b>Net cash (used in) / generated from investing activities</b>	<b>(31,841)</b>	<b>1,555,028</b>
Net increase / (decrease) in cash and cash equivalents	21,124,725	(8,790,185)
Cash and cash equivalents at the beginning of the year	16,704,953	25,495,138
<b>Cash and cash equivalent at the end of the year</b>	<b>37,829,678</b>	<b>16,704,953</b>

The annexed notes, from 1 to 17, form an integral part of these financial statements.

  
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**CHIEF EXECUTIVE OFFICER**

  
 \_\_\_\_\_  
**DIRECTOR**

**MOUNTAIN AND GLACIER PROTECTION ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**1 LEGAL STATUS AND OPERATIONS**

Mountain and Glacier Protection Organization ("MGPO" or "the Organization") is a Non-Government Organization (NGO), registered under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLV) of 1961, on August 18, 2001 having a registered office located at 3rd Floor, 14, Feroze Centre, Block D, Fazl-ul Haq Road, Blue Area, Islamabad.

MGPO is certified by the Pakistan Centre for Philanthropy. MGPO programmes are designed to enhance the quality of life of disadvantaged communities by providing them with improved access to education and healthcare services, and building physical infrastructure and water management systems that contribute to social, economic and environmental security. Social mobilization and gender mainstreaming remain cross cutting themes in all programme areas.

In 2017, MGPO also submitted an application for signing of a Memorandum of Understanding (MoU) with the Government of Pakistan's Economic Affairs Division (EAD), required for local Non-Government Organizations (NGOs) receiving foreign contributions. The approval of the application is pending till date.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Revised Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) and Accounting Standard for Not for Profit Organizations (NPOs), as issued by the Institute of Chartered Accountants of Pakistan and the provisions of the Trust Deed.

The management has adopted the Accounting Standard for NPOs with effect from July 01, 2016, and has assessed that the adoption of Revised Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) and Accounting Standards for NPOs have not resulted in the recognition / derecognition of any asset or liability, which had already been recognized under the previous financial reporting framework.

**3 BASIS OF PREPARATION**

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Significant accounting estimates and judgments**

While applying the accounting policies as stated in notes 4.2 to 4.9 to the financial statements, the management of MGPO has made certain judgments, estimates and assumptions for which information is not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year of the revision in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Organization's accounting policies. Estimates and judgments are continually evaluated and are based on other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:



## MOUNTAIN AND GLACIER PROTECTION ORGANIZATION

### i) Useful life of property and equipment

Management of MGPO determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering the usage of the asset and physical wear and tear. Management reviews the residual values and useful lives annually, and the future depreciation charge is adjusted where management believes that the useful lives differ from previous estimates.

Property and equipment are assessed for impairment based on an assessment of cash flows relating to individual cash-generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful lives of assets, and are discounted using a range of discount rates representing the rates of return on such cash-generating units.

### ii) Impairment of receivable from donors

An estimate of the collectible amount of receivable from donors is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant but which are past due, are assessed collectively and a provision applied according to the length of time elapsed since these become passed due, based on historical recovery rates.

At the reporting date, gross receivable from donors were Rs. 7,216,950 (2016: 1,672,851), with no provisions for doubtful debts (2016: Nil). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the Income and Expenditure Account.

## 4.2 Property and equipment

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

The initial cost of items of property and equipment comprises purchase prices, including non-refundable purchase taxes, and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Depreciation is charged to the Income and Expenditure Account applying the straight-line method at the rates disclosed in note 5 to the financial statements, whereby the cost of an asset is written-off over its estimated useful life. A full month's depreciation is charged on the assets if addition is made during the year, whereas no depreciation is charged in the month in which the assets are disposed-off.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is charged to the Income and Expenditure Account for the year in which the related asset is de-recognized.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item, if it is probable the future economic benefits embodied within the part of the item will flow to MGPO, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property and equipment are recognized in the Income and Expenditure Account, as incurred.

An item of property and equipment is derecognized upon disposal, or when no future economic benefits are expected from its use or disposal.

The carrying values of items of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount.

## 4.3 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

3

**MOUNTAIN AND GLACIER PROTECTION ORGANIZATION****4.4 Accrued and other liabilities**

Liabilities for accrued and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Organization.

**4.5 Provisions**

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

**4.6 General fund**

The Fund comprises of the accumulated surplus/deficit of unutilized funds/grants, and donations for which donors have not imposed any restrictions on use. The General fund is used by the Organization for its various project activities in accordance with its programs/plans.

**Accumulated leaves**

Every employee shall be entitled to 25 working days of paid leaves in each calendar year. Un-availed leave balances can be carried forward to the next year, subject to a limit of 5 days. The related expense is charged to salaries and other benefits, at the time of actual encashment, as the effect of an accrual is considered to be insignificant.

**4.7 Income**

Income is recognized when expenses are incurred, to the extent it is probable that the economic benefits from the transactions will flow to the Organization, and the revenue can be measured reliably. Revenue is recognized at the fair value of the consideration received or receivable.

**4.7.1 Restricted grants**

Grants of a non-capital nature are recognized as deferred grants at the time of their receipt. Subsequently, these are recognized in the Income and Expenditure Account to the extent of expenditure incurred. Expenditure incurred against grants, against which grant funds have been committed but have not been received, is recognized directly in the Income and Expenditure Account and reflected as grants receivable in the Balance Sheet.

**4.7.2 Donations**

Donations, for which donors have not imposed any restriction on use, are recognized in the year in which they are received, in the Income and Expenditure Account.

**4.7.3 Foreign currency translation**

Profit on bank deposits is recorded using the Effective Interest Rate method.

**4.8 Taxation**

MGPO obtained the registration as a "non-profit organization" under section 2(36) of the Income Tax Ordinance, 2001 (the Ordinance) from the Commissioner of Inland Revenue, in 2007. In the year 2016, owing to a change in rule 214 of the Income Tax Rules, 2002, MGPO's registration under the section 2(36) of the Ordinance expired. The Organization is now looking to renew its status of a "non-profit organization" under the said section. Accordingly, owing to the available tax credits under section 100C of the Ordinance, no provision for taxation has been recognized by MGPO.

**4.9 Foreign Currency Translation**

The financial statements are presented in Pak Rupees which is MGPO's functional and presentation currency. Foreign currency translations during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date.

All exchange differences are routed through the Income and Expenditure Account.

## 5 PROPERTY AND EQUIPMENT

	COST			Rate %	ACCUMULATED DEPRECIATION			As at July 01, 2016	Charge for the year	Disposals	As at June 30, 2017	WRITTEN DOWN VALUE As at June 30, 2017
	As at July 01, 2016	Additions	Disposals		As at June 30, 2017	Disposals	As at June 30, 2017					
	Rupees				Rupees				Rupees			
Computers and accessories	1,509,464	404,199	(182,000)	30	1,488,194	59,964	(182,000)	1,366,158			365,505	
Furniture and fixtures	569,297	729,202	(193,104)	15	553,727	30,800	(193,104)	391,423			713,972	
Electrical and gas appliances	1,268,655	201,100	(107,124)	15	1,262,267	8,910	(107,124)	1,164,053			198,578	
Motor vehicles	6,270,116	-	(1,035,000)	15	5,794,074	166,037	(1,035,000)	4,925,111			310,005	
Office equipment	259,563	428,896	-	15	84,518	64,635	-	149,153			539,306	
	<u>9,877,095</u>	<u>1,763,397</u>	<u>(1,517,228)</u>		<u>9,182,780</u>	<u>330,346</u>	<u>(1,517,228)</u>	<u>7,995,898</u>			<u>2,127,366</u>	

2017

	COST			Rate %	ACCUMULATED DEPRECIATION			As at July 01, 2015	Charge for the year	Disposals	As at June 30, 2016	WRITTEN DOWN VALUE As at June 30, 2016
	As at July 01, 2015	Additions	Disposals		As at June 30, 2016	Disposals	As at June 30, 2016					
	Rupees				Rupees				Rupees			
Computers and accessories	1,509,464	-	-	30	1,455,204	32,990	-	1,488,194			21,270	
Furniture and fixtures	569,297	-	-	15	549,992	3,735	-	553,727			15,570	
Electrical and gas appliances	1,268,655	-	-	15	914,338	347,929	-	1,262,267			6,388	
Motor vehicles	7,610,367	-	(1,340,251)	15	6,072,325	657,337	(935,588)	5,794,074			476,042	
Office equipment	273,661	-	(14,098)	15	49,124	37,509	(2,115)	84,518			175,045	
	<u>11,231,444</u>	<u>-</u>	<u>(1,354,349)</u>		<u>9,040,983</u>	<u>1,079,500</u>	<u>(937,703)</u>	<u>9,182,780</u>			<u>694,315</u>	

2016

	Note	2017	2016
		-----Rupees-----	
<b>6 RECEIVABLE FROM DONORS</b>			
Mari Petroleum Company Limited (MPCL)		7,216,950	-
Small Grants and Ambassador's Fund Programme (USAID)		-	1,422,648
Pakistan Poverty Alleviation Fund			
Hydropower Renewable Energy Project		-	250,203
		<u>7,216,950</u>	<u>1,672,851</u>
<b>7 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Advances to:			
Employees	7.1	254,760	25,000
Prepayments:			
Rent		-	67,637
Security deposits		333,000	423,000
		<u>587,760</u>	<u>515,637</u>
<b>7.1 Advances to employees</b>			
For official expenses		<u>254,760</u>	<u>25,000</u>
<b>8 CASH AND BANK BALANCES</b>			
In hand		9,368	1,985
At bank in			
<b>Current accounts</b>			
Foreign currency		68,129	68,129
Local currency		19,118,209	-
<b>Savings accounts</b>			
Local currency	8.1	18,633,972	16,634,839
		<u>37,820,310</u>	<u>16,702,968</u>
		<u>37,829,678</u>	<u>16,704,953</u>
<b>8.1</b> These carry mark-up at the rate of 3.75% (2016: 3.7% to 4.5%).			
	Note	2017	2016
		-----Rupees-----	
<b>9 RESTRICTED GRANT - UNUTILIZED</b>	9.1	<u>21,579,810</u>	<u>921,971</u>

9.1 Movement during the year in restricted grants is as follows:

	Rupees					
	A	B	C	D	E	F
(Receivable from donors) / Deferred grant as at 01 July, 2016	Received during the year	Expenditure incurred	Adjustments*	Profit on bank deposits	(Receivable from donors) / Deferred grant as at 30 June, 2017	
2017						
Pakistan Poverty Alleviation Fund (PPAF) - HRE project	250,203	-	-	-	-	-
Small Grants and Ambassador's Fund Program (SGAFP)	9,474,251	(6,691,883)	-	40,704	1,400,424	
United Nations Development Program (UNDP)	10,888,317	(10,706,525)	-	21,901	1,125,664	
Mari Petroleum Company Limited	12,416,000	(19,632,950)	-	-	(7,216,950)	
European Union	22,061,938	(3,008,216)	-	-	19,053,722	
	<u>55,090,709</u>	<u>(40,039,574)</u>	-	<u>62,605</u>	<u>14,362,860</u>	

Breakup of restricted grant  
Unutilized grant  
Receivable from donors (Note 6)

21,579,310
(7,216,950)
<u>14,362,860</u>

	Rupees					
	A	B	C = A + B	D	E	F
(Receivable from donors) / Deferred grant as at 01 July, 2015	Received during the year	Expenditure incurred	Adjustments*	Profit on bank deposits	(Receivable from donors) / Deferred grant as at 30 June, 2016	
2016						
Pakistan Poverty Alleviation Fund (PPAF) - Buner project	1,650,000	(726,152)	(509,891)	6,405	-	
Pakistan Poverty Alleviation Fund (PPAF) - HRE project	(420,362)	-	(3,503,851)	(6,103)	1,611	(250,203)
Royal Netherlands Embassy in Islamabad	3,258,140	2,988,500	(2,998,500)	-	-	-
Small Grants and Ambassador's Fund Program (SGAFP)	-	1,685,804	(3,117,855)	-	9,403	(1,422,648)
United Nations Development Program (UNDP)	-	4,667,604	(3,825,296)	-	79,662	921,971
Mari Petroleum Company Limited	(785,776)	3,479,845	(2,694,069)	-	-	-
	<u>2,052,002</u>	<u>14,481,753</u>	<u>(16,865,723)</u>	<u>(515,994)</u>	<u>97,081</u>	<u>(760,880)</u>

Breakup of restricted grant  
Unutilized grant  
Receivable from Donor

921,971
(1,672,851)
<u>(750,880)</u>

\*Balance payable taken to other income at the close of projects.

10 ACCRUED AND OTHER LIABILITIES	Note	2017 -----Rupees-----	2016
Payable to contractors	11.1	11,464,118	11,464,118
Other payables		4,073,282	557,182
Payable to vendors against Mari Petroleum Company Limited project		407,288	-
Audit fee		200,000	85,000
Security retention payable		351,403	-
		<u>16,496,091</u>	<u>12,106,300</u>

## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 CONTINGENCIES

In the year 2008, MGPO entered into a dispute with Ideas Web Pakistan ("the Contractor") in respect of non-payment of amounts invoiced by the Contractor, owing to delays and faults in the construction of the Government High School ("GHS") located in Chattar Plain and a Basic Health Unit ("BHU"), located in Kathai, District Mansehra. In 2008, both parties decided to contest the matter in Civil Court, Mansehra. The Civil Judge, Mansehra, decided the matter against MGPO, directing MGPO to make a payment of Rs. 8,468,284 and Rs. 11,975,728 in respect of the amounts invoiced against the construction of the GHS and BHU respectively. The management of MGPO, in response to the decision of the Civil Court, Mansehra, has filed an appeal against the claim with the Peshawar High Court, which is pending adjudication. Management is confident of a favorable outcome based on the advice of its legal advisor and hence, has only recorded an amount of Rs. 11,464,118, as the amount payable to the Contractor in the financial statements, based on its assessment of work done in accordance with the contract.

### 11.2 COMMITMENTS

There were no capital commitments at the end of the current year.

## 12 OTHER INCOME

Note	2017 -----Rupees-----	2016
Gain on disposal of assets	1,132,000	392,680
Profit on bank accounts - net	599,556	646,028
Liability written-back	-	515,994
Gain on disposal of scrap	-	99,674
Exchange gain	-	29,414
	<u>1,731,556</u>	<u>1,683,790</u>

## 13 PROGRAMME ACTIVITIES

Micro-hydro wells (Construction of Water Supply Scheme)	13.1	9,349,832	725,000
Health program cost	13.2	7,896,442	-
Equipment grant to schools	13.3	4,337,219	-
Education program cost	13.4	2,046,562	-
Corporate social responsibility (CSR)	13.5	1,391,373	-
Branding, marking and visibility	13.6	1,093,069	196,780
Capacity building		453,269	-
Infrastructure/construction costs		20,000	192,928
Link roads		-	485,741
Water supply scheme		-	5,746,815
		<u>26,587,766</u>	<u>7,347,264</u>

- 13.1 This represents expenditure incurred for the construction of drinking water and water irrigation supply schemes in Sakardu, under the UNDP Coca Cola Project.
- 13.2 This represents expenditure incurred against Improving mother and child health and immunization project, funded by Mari Petroleum Company Limited (MPCL), operational in the area of Dharki, Sindh.
- 13.3 This represents expenditure incurred for the provision of school furniture, computer equipment, lab equipment and books for Government High School, Pail Mirza, Jhelum.
- 13.4 This represents expenditure incurred for the provision of improved access to education in Dharki, Sindh, funded by MPCL.
- 13.5 This represents expenditure incurred for the establishment of a CSR Project Management Unit, for improved implementation, monitoring, evaluation, oversight and reporting of CSR interventions at Dharki, Sindh funded by MPCL.
- 13.6 This represents expenditure incurred for the launching ceremony and visibility costs of Civil Society Coalition for Climate Change and SGAFP projects.

14	LOGISTICS AND SUPERVISORY COSTS	Note	2017	2016
			-----Rupees-----	
	Salaries		7,528,871	8,024,623
	Office rental	14.1	1,118,358	267,450
	Field visits		511,033	82,740
	Utilities		434,283	334,194
	Web development		402,311	-
	International travel		417,250	-
	Office maintenance		476,406	37,457
	Communication		289,271	89,159
	Printing and stationery		220,670	295,203
	Office supplies		200,810	78,111
	Audit expense		200,000	85,000
	Vehicle running expense		510,958	268,335
	Media and publication		34,426	73,115
	Bank charges		-	21,562
	Training costs		-	219,427
			<u>12,344,647</u>	<u>9,876,376</u>

14.1 This represents rent allocated to Programme expenses of MGPO's registered office located in Islamabad and field office in Skardu.

#### 15 ADMINISTRATIVE COSTS

	Office rental	15.1	1,039,200	1,542,368
	Depreciation		330,346	1,079,500
	Legal and professionals charges		153,075	165,768
	Withholding tax expense		64,000	271,959
	Bank charges		15,821	16,229
	Printing and stationery		9,157	22,286
	Field visit		7,260	315,633
	Miscellaneous expenses		-	165,000
	Office maintenance		-	364,220
	Vehicle running expense		-	641,592
	Disallowed expenses		-	748,626
			<u>1,618,859</u>	<u>5,333,181</u>

15.1 This represents rent allocated to Administrative costs of MGPO's registered office located in Islamabad and field office in Skardu.


#### 16 GENERAL

All figures have been rounded off to the nearest Pak Rupee.

#### 17 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 22 JAN 2018 by the Board of Directors of MGPO.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR