

**PAK MISSION SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

RSM Avais Hyder Liaquat Nauman
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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Opinion

We have audited the financial statements of PAK MISSION SOCIETY, (the Society) which comprise the statement of financial position as at June 30, 2024, the statement of income and expenditure, the statement of changes in general fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of financial position of the society as at June 30, 2024, the statement income and expenditure, the statement of changes in general fund and the statement of cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

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

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting

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standards as applicable in Pakistan, and for such internal control as the Board of Directors 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, Board of Directors is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 Society's internal control.

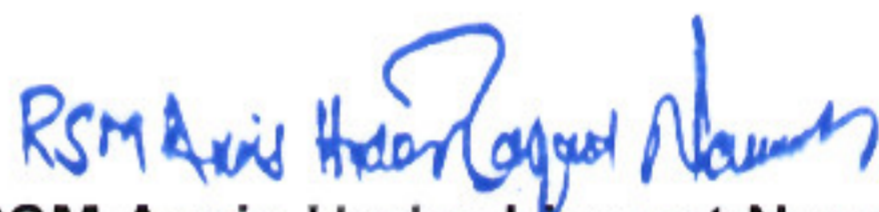
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society 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.

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Place: Peshawar
Date: November 06, 2024
UDIN: AR202410513q8prUk4Pz


RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement Partner: Muhammad Arif Saeed





**PAK MISSION SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Tangible fixed assets	5	145,919,952	140,206,288
Intangible assets	6	1,328,271	491,107
CURRENT ASSETS			
Security deposits	7	12,182,978	3,391,434
Advances, prepayment and other receivables	8	24,584,235	10,049,123
Cash and bank balances	9	170,197,029	117,430,115
		206,964,242	130,870,672
TOTAL ASSETS		354,212,465	271,568,067
<u>FUND AND LIABILITIES</u>			
FUND			
General fund		250,662,225	115,541,000
NON-CURRENT LIABILITY			
Liability against assets subject to finance lease	10	2,799,581	3,308,728
CURRENT LIABILITY			
Restricted Grant		-	60,000,000
Accrued expenses and other payables	11	100,750,660	92,718,340
CONTINGENCIES AND COMMITMENTS			
	12	-	-
TOTAL FUND AND LIABILITIES		354,212,465	271,568,067

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

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CHAIRMAN


TREASURER



EXECUTIVE DIRECTOR


**PAK MISSION SOCIETY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees
INCOME			
Donations	13	1,266,078,943	657,872,235
Gain on sale of fixed assets		11,271,547	4,359,712
Other income	14	1,693,565	28,897
		<u>1,279,044,055</u>	<u>662,260,844</u>
EXPENDITURE			
Projects cost	15	1,075,690,094	627,751,795
Operating and administrative expenses	16	67,746,457	26,605,890
Finance cost		486,279	2,072,791
		<u>1,143,922,830</u>	<u>656,430,476</u>
Surplus for the year		<u>135,121,225</u>	<u>5,830,368</u>

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


CHAIRMAN


TREASURER



EXECUTIVE DIRECTOR


PAK MISSION SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	135,121,225	5,830,368
Adjustments for:		
Depreciation	15,377,042	11,992,416
Amortization	664,036	245,517
Gain on sale of fixed assets	(11,271,547)	(4,359,712)
	<u>139,890,756</u>	<u>13,708,589</u>
Changes in working capital:		
Increase in Security deposits	(8,791,544)	(802,034)
Decrease/(increase) in Advances, prepayment and other receivables	(14,535,112)	28,142,718
Increase in Accrued expenses and other payables	8,032,320	22,307,515
	<u>(15,294,336)</u>	<u>49,648,199</u>
Net cash generated from operating activities	<u>124,596,420</u>	<u>63,356,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(24,858,731)	(14,463,641)
Purchase of software	(1,501,200)	-
Proceeds from sale of property and equipment	15,039,572	7,700,000
Net cash used in investing activities	<u>(11,320,359)</u>	<u>(6,763,641)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted Grant	(60,000,000)	60,000,000
Long term financing obtained	(509,147)	(2,785,424)
Net cash generated / (used in) from financing activities	<u>(60,509,147)</u>	<u>57,214,577</u>
Net increase in cash and cash equivalents	52,766,914	113,807,723
Cash and cash equivalents at the beginning of the year	117,430,115	3,622,392
Cash and cash equivalents at the end of the year	<u>170,197,029</u>	<u>117,430,115</u>

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

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CHAIRMAN


TREASURER


EXECUTIVE DIRECTOR

**PAK MISSION SOCIETY
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	2024 Rupees	2023 Rupees
Balance as at July 01	115,541,000	109,710,632
Surplus for the year	135,121,225	5,830,368
Balance as at June 30	<u>250,662,225</u>	<u>115,541,000</u>

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

CHAIRMAN

TREASURER

EXECUTIVE DIRECTOR

**PAK MISSION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

1 The Society And Its Operations

1.1 Legal status and operations

Pak Mission Society (the Society) was registered under the Societies Registration Act, 1860 on February 13, 2008. Prior to registration the Society worked as Pak Mission Trust (PMT) which was established on March 31, 2005 in Abbottabad.

The main objective of the society is to Implement and promote holistic development to strengthen people's capacities, resilience and self resilience . The Society is basically a non-profit organization.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting policies mentioned in Note 4.

2.2 Accounting convention

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of PMS and rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

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 judgments in the process of applying the society accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The significant estimates / judgments are disclosed in the respective notes to the financial statements.

2.5 Property and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge and impairment loss.

3 Application of new and revised International Financial Reporting Standards (IFRSs)

3.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2023 and therefore, have been applied in preparing these financial statements:

i. IAS 1 – Presentation of Financial Statements

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Application of these amendments do not have any significant impact on the Company's financial statements.

ii.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The IASB has published 'Definition of Accounting Estimates' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023. Application of these amendments do not have any significant impact on the Company's financial statements.

iii. IAS 12 – Income Taxes

- (i) The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

- (ii) The IASB has issued amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments introduce an exception to the requirements in the standard that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

An entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments; the remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

Application of these amendments do not have any significant impact on the Company's financial statements.

iv. IAS 12 – Income Taxes

The IASB has issued amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments introduce an exception to the requirements in the standard that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

An entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments; the remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in the current year but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after the effective dates specified therein.

i. IAS 1 – Presentation of Financial Statements

(i) The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The IASB has further modified the requirements introduced by 'Classification of Liabilities as Current or Non-current' on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2024. The amendments are to be applied retrospectively in accordance with IAS 8.

Application of these amendments is not expected to have any significant impact on the Company's financial statements.

ii.

IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

The IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iii. IAS 12 – Income Taxes

The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iv. IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

- Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not
- Add two disclosure objectives. Entities will have to disclose in the notes information that enables users of financial statements:
 - to assess how supplier finance arrangements affect an entity's liabilities and cash flows and
 - to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:
 - the terms and conditions of the supplier finance arrangements;
 - for the arrangements, as at the beginning and end of the reporting period:
 - a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
 - b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;
 - c) the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and
 - the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements

- Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2024.

Application of these amendments is not expected to have any significant impact on the Company's financial statements.

v. IFRS 16 – Leases

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for sale.

Lease Liability in a Sale and Leaseback Amendments' requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

3.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods as specified therein, but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3.5 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

- IFRS 1 - First-time adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures

4 Summary of Significant Accounting Policies

4.1 Tangible fixed assets

Owned assets

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

Depreciation is charged using the reducing balance method using rates specified in note 5.

Depreciation on additions is charged from the month in which the asset is put in use and on disposal up to the month the respective asset was in use.

Maintenance and normal repairs are charged to income and expenditure statement as and when incurred while cost of major replacements and improvements, if any, are capitalized.

Gain and losses on disposal of fixed assets are included in the income and expenditure statement.

Asset subject to finance lease

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization less impairment losses if any, except assets that are not available for its intended use, which are stated at cost. Amortization is charged using the straight-line method at rate given in relevant note to write off the historical cost of assets over their estimated useful life. Amortization on additions is charged from the month in which the asset is put in use and on disposal up to the month the respective asset was in use. Intangible assets are recognized if, and only if it is probable that future economic benefits attributable to the asset will flow to the entity, and its cost could be measured reliably.

4.3 Impairment

The Society assess at each statement of financial date whether there is any indication that 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 value exceeds recoverable amount, assets are written down to the recoverable amount and the difference is charged to income and expenditure statement.

4.4 Provisions

Provisions are recognized in the statement of financial position where the Society has a present legal or constructive obligation as result of 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

**PAK MISSION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

4.5 Receivables

Receivables are recognized at fair value of consideration receivable. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as and when incurred.

4.6 Staff security fund

5% of the staff member's monthly salary is deducted as their security fund. The security fund deductions are deposited in a separate bank account and paid/settled at the time when employee leaves the society.

4.7 Taxation

The Society is claiming tax credit under section 100-C of the Income Tax Ordinance, 2001. Therefore, no provision is made during the year.

4.8 Payables

Payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

4.9 Income recognition

Income from donations, Mother and Child Health Care Centre, Resource Centre and other income is recognized on receipt basis.

4.10 Foreign currency transactions and translations

Transactions in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in the foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income and expenditure statement.

4.11 Leases

Right of use of Assets

The Society recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Society recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the society and payments of penalties for terminating the lease, if the lease term reflects the society exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans.

**PAK MISSION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Determining whether an arrangement contains a lease: Policy applicable before July 01, 2019, At inception of an arrangement, the Society determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Society separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Society concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the society's incremental borrowing rate.

Lease assets: Leases of property, plant and equipment that transfer to the society substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the society statement of financial position.

Lease payments: Payments made over operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

4.12 Expenses

Expenses are recognized on accrual basis.

4.13 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and short-term highly liquid investments, stated at cost, with original maturities of three months or less.

5 PROPERTY AND EQUIPMENT

	Owned					Leased	Total
	Building	Furniture and fittings	Land	Office Equipment	Computer and accessories	Vehicles	

-----Rupees-----

Year ended June 30, 2023

Opening net book value	923,116	3,678,818	90,739,646	3,834,556	3,293,430	21,599,876	17,005,909	141,075,351
Additions during the year	-	6,114,365	-	2,635,353	5,713,923	-	-	14,463,641

Disposals

Cost	-	-	-	-	-	-	-	(7,100,000)
Accumulated depreciation	-	-	-	-	-	-	-	3,759,712
	-	-	-	-	-	-	(3,340,288)	(3,340,288)

Depreciation charge	(92,312)	(979,319)	-	(1,617,477)	(3,002,151)	(4,319,975)	(1,981,182)	(11,992,416)
Closing net book value	830,804	8,813,864	90,739,646	4,852,432	6,005,202	17,279,901	11,684,439	140,206,288

As at June 30, 2023

Cost	3,843,130	12,505,387	90,739,646	15,293,053	18,025,843	32,768,599	21,795,705	194,971,363
Accumulated depreciation	(3,012,326)	(3,691,523)	-	(10,440,621)	(12,020,641)	(15,488,698)	(10,111,266)	(54,765,075)
Net book value	830,804	8,813,864	90,739,646	4,852,432	6,005,202	17,279,901	11,684,439	140,206,288
Annual rate of depreciation	10%	10%	-	25%	33%	20%	20%	

Year ended June 30, 2024

Opening Net book value	830,804	8,813,864	90,739,646	4,852,432	6,005,202	17,279,901	11,684,439	140,206,288
Additions during the year	-	5,034,379	-	6,075,975	4,748,377	9,000,000	-	24,858,731

Disposals

Cost	-	-	-	-	-	-	-	(11,268,000)
Accumulated depreciation	-	-	-	-	-	-	-	7,499,975
	-	-	-	-	-	-	-	(3,768,025)

Depreciation charge	(83,080)	(1,384,824)	-	(2,732,102)	(3,584,168)	(5,255,980)	(2,336,888)	(15,377,042)
Closing net book value	747,724	12,463,419	90,739,646	8,196,305	7,169,411	17,255,896	9,347,551	145,919,952

As at June 30, 2024

Cost	3,843,130	17,539,766	90,739,646	21,369,028	22,774,220	30,500,599	21,795,705	208,562,094
Accumulated depreciation	(3,095,406)	(5,076,347)	-	(13,172,723)	(15,604,809)	(13,244,703)	(12,448,154)	(62,642,142)
Net book value	747,724	12,463,419	90,739,646	8,196,305	7,169,411	17,255,896	9,347,551	145,919,952
	10%	10%	-	25%	33%	20%	20%	

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	Note	2024 Rupees	2023 Rupees
6 INTANGIBLE ASSETS			
Opening balance		491,107	736,624
Addition		1,501,200	-
		1,992,307	736,624
Amortization charged during the year	6.1	(664,036)	(245,517)
Closing balance		1,328,271	491,107

6.1 Intangible assets comprise of website and accounting software. Amortization is charged @ 33.33% during the year.

	2024 Rupees	2023 Rupees
7 SECURITY DEPOSITS		
Office building security deposits & prepaid rent	4,709,915	1,662,287
Fuel station security deposits	800,000	1,388,147
Other security deposits	6,673,063	341,000
	12,182,978	3,391,434

8 ADVANCES, PREPAYMENT AND OTHER RECEIVABLES

Advances-considered good

Advance against expenses	21,978,138	3,662,358
Salary advances	11,837,615	2,696,078
	33,815,753	6,358,436

Projects & associates receivables	-	1,810,077
Prepayment and other receivables	475,131	1,880,610
	34,290,884	10,049,123

9 CASH AND BANK BALANCES

At banks:

Foreign currency		
- saving accounts	33,166	141,837
Local currency		
current accounts	186,042,252	116,180,459
saving accounts	5,068,477	948,775
	191,110,729	117,129,233

Cash in hand:

- Local currency	657,082	159,045
	191,800,977	117,430,115

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	Note	2024 Rupees	2023 Rupees
10 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Lease liabilities		3,308,728	6,094,151
Adjustment		-	233,483
Current maturity		(509,147)	(3,018,906)
Closing balance		<u>2,799,581</u>	<u>3,308,728</u>

11 ACCRUED EXPENSES AND OTHER PAYABLES

Payable to vendor & others		111,980,976	48,243,058
Accrued liabilities		4,543,562	16,883,230
Insurance & EOBI payable	11.1	5,538,704	3,827,213
Staff fund payable		13,169,068	13,439,619
Current maturity of lease payables		509,147	3,018,906
Income tax deducted at source		3,675,589	7,106,314
Audit fee payable		467,500	200,000
		<u>139,884,546</u>	<u>92,718,340</u>

11.1 INSURANCE & EOBI PAYABLE

EOBI Payable		498,400	433,180
Member care Fund		5,040,304	3,394,033
		<u>5,538,704</u>	<u>3,827,213</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2024 (2023: Nil).

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	Note	2024 Rupees	2023 Rupees
14 OTHER INCOME			
Bank profit		221,265	28,897
Other Income Pattan		1,472,300	-
		<u>1,693,565</u>	<u>28,897</u>
15 PROJECT COSTS			
Program activities		767,318,696	497,738,353
Bank charges		292,655	44,270
Communication		2,543,252	3,026,128
Fuel & running cost		48,856,878	17,991,787
Insurance expense		231,000	458,952
Miscellaneous expenses		1,212,193	52,222
Office rent		34,772,472	18,369,610
Office supplies		7,203,325	3,730,832
Branding, Visibility, Printing & Stationery		11,168,262	3,642,625
Hospitality & refreshment		5,717,710	2,663,497
Salaries, wages and benefits		156,917,717	63,281,937
Training and dissemination cost		7,478,001	2,840,697
Travelling and conveyance		10,957,925	6,577,844
Utilities		20,402,508	6,430,041
Projects Audit		617,500	903,000
		<u>1,075,690,094</u>	<u>627,751,795</u>
16 OPERATING AND ADMINISTRATIVE EXPENSES.			
Salaries, wages and benefits		20,990,317	4,305,150
Professional consultants' fee		2,690,500	1,174,600
Travelling and conveyance		5,009,556	869,314
Repair and maintenance building		621,811	16,210
Repair and maintenance furniture		-	4,500
Fuel charges, Tax & Running Expenses		278,430	2,112,000
Vehicles running Expenses		43,177	493,832
Rent, rates and taxes		7,948,520	2,092,190
Utilities		547,134	145,915
Communication		1,127,363	527,082
Refreshment and hospitality		2,575,177	513,059
Office supplies		579,302	967,869
Amortization		664,036	245,517
Depreciation		15,377,042	11,992,416
Bank charges		25,863	50,460
Marketing & visibility		43,620	257,288
Printing and stationery		-	385,000
Project expenses		6,296,152	-
Staff capacity building		158,550	-
Miscellaneous expenses		1,841,676	453,488
Audit expense		928,231	-
		<u>67,746,457</u>	<u>26,605,890</u>

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	Note	2024 Rupees	2023 Rupees
17 NUMBER OF EMPLOYEES			
Average number of employees		241	165
Total number of employees as at June 30		257	210

18 Rearrangement / reclassification of Comparative Figures

Corresponding figures have been rearranged/ reclassified, wherever necessary for the purpose of true and fair presentation of the financial statements. These rearrangements and reclassifications had following effects on the reported results of operations.

19 Date of Authorization for Issue

The financial statements were authorized for issue on 6/11/2024.

20 General

Figures have been rounded off to the nearest rupee.

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CHAIRMAN

TREASURER

EXECUTIVE DIRECTOR