



Grant Thornton

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INDEPENDENT AUDITOR'S REPORT

To the members of **OPD Support Program**
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **OPD Support Program** (the Company), which comprise the statement of financial position as at June 30, 2020, and the income and expenditure statement, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, (here-in-after referred to as "the financial statements") and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure statement, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the deficit and other comprehensive deficit, the changes in funds and its cash flows for the year then ended.

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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (the Code)* as adopted by the Institute of Chartered Accountants of Pakistan (the institute) 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Karachi & Islamabad

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company'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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.

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We communicate with the board of directors 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.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017;
- b) the statement of financial position, the income and expenditure statement, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Shoab Ahmad Waseem.

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman

Chartered Accountants

Lahore.

Date: *November 03, 2020*

OPD SUPPORT PROGRAM

(A Company set up under section 42 of repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement Of Financial Position

As at June 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	3,888,854	4,376,098
Intangible assets	6	320,158	400,197
Long term security deposits	7	-	98,000
		4,209,012	4,874,295
Current assets			
Loan and advances - net of provisions	8	68,925,966	95,154,261
Accrued Service Charges	9	4,870,419	-
Advances, deposits and other receivables - net of provisions	10	6,088,126	5,931,574
Advance Income Tax	11	1,010,642	808,717
Cash and Bank Balances	12	27,948,408	4,470,460
		108,843,561	106,365,012
		113,052,573	111,239,307
FUNDS AND LIABILITIES			
Funds			
General funds		(4,334,374)	(291,111)
Members contribution		300,000	300,000
Endowment fund - unsecured	13	17,600,000	17,600,000
Sub-Ordinate Loan - unsecured	14	37,733,333	37,733,333
		51,298,959	55,342,222
Non current liabilities			
Deferred grant - related to operating assets	15	481,625	599,551
Deferred Liability	16	4,659,447	2,629,212
Long term loan - secured	17	8,000,000	21,000,000
Accrued mark-up on PPAF loan	18	8,989,640	8,989,640
		22,130,712	33,218,403
Current liabilities			
Accrued and other liabilities	19	15,622,902	6,178,682
Current portion of long-term loans - unsecured	17	19,000,000	11,500,000
Short term loans - unsecured	20	5,000,000	5,000,000
		39,622,902	22,678,682
Contingencies and commitments	21	-	-
		113,052,573	111,239,307

The annexed notes from 1 to 32 form an integral part of these financial statements.



 DIRECTOR



 CHIEF EXECUTIVE OFFICER

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OPD SUPPORT PROGRAM

(A Company set up under section 42 of repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement Of Income And Expenditure And Other Comprehensive Income

For The Year Ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
Financial Income			
Markup on microfinance loan portfolio		34,121,416	30,452,667
Loan processing fee		4,049,300	6,009,400
Profit on bank deposits		1,100,167	656,612
Amortization of grants relating to operating assets		117,926	243,475
Other income	22	61,005	121,085
		39,449,814	37,483,239
Expenses			
Program expenses	23	(30,010,750)	(29,391,770)
Administrative expenses	24	(3,085,602)	(2,754,283)
Finance cost	25	(10,099,432)	(3,675,022)
Loan write off		(174,166)	(469,584)
Employee loan written off		(256,971)	-
Provision against non- performing loans		192,719	(187,602)
		(43,434,202)	(36,478,261)
(Deficit)/Surplus before taxation		(3,984,388)	1,004,978
Deferred tax		-	(2,196,423)
Deficit for the year		(3,984,388)	(1,191,445)
Other Comprehensive Income			
Experience adjustments of re-measurment of plan obligation		(58,875)	46,075
Total comprehensive loss for the year		(4,043,263)	(1,145,370)

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OPD SUPPORT PROGRAM

(A Company set up under section 42 of repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement Of Changes In Funds

For The Year Ended June 30, 2020

PARTICULARS	General Fund	Members contribution	Endowment fund	Sub-Ordinate	Total
	-----Rupees-----				
Balance as at June 30, 2018	854,259	300,000	17,600,000	-	18,754,259
Deficit for the Year 2019	(1,145,370)	-	-	-	(1,145,370)
Sub-ordinated loan during the year	-	-	-	37,733,333	37,733,333
Balance as at June 30, 2019	(291,111)	300,000	17,600,000	37,733,333	55,342,222
Deficit for the Year 2020	(4,043,263)	-	-	-	(4,043,263)
Balance as at June 30, 2020	(4,334,374)	300,000	17,600,000	37,733,333	51,298,959

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OPD SUPPORT PROGRAM

(A Company set up under section 42 of repealed Companies Ordinance, 1984 - Now Companies Act, 2017)

Statement Of Cash Flows

For The Year Ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
Cash flows from operating activities			
(Deficit) / Surplus for the year before tax		(3,984,388)	1,004,978
Adjustments for non-cash items:			
Depreciation and amortization		913,537	1,024,200
Accrued Service charges		4,870,419	-
Loans written off		431,137	-
Provision against non-performing loans		(192,719)	657,186
Provision of gratuity		1,971,360	1,148,546
Finance cost		9,887,026	3,455,150
Loss on disposal of operating fixed assets		21,086	15,852
Amortization of grants		(117,926)	(243,474)
		<u>17,783,921</u>	<u>6,057,460</u>
Net cash flows before working capital changes		<u>13,799,532</u>	<u>7,062,437</u>
Changes in working capital			
Decrease/(Increase) in loans and advances		26,101,041	(26,996,636)
Increase in accrued service charges		(4,872,510)	-
Decrease in advances, deposits and other receivables		(5,038,046)	327,646
Decrease in accrued and other liabilities		616,636	2,340,715
Cash generated from/(used in) operations		<u>16,807,121</u>	<u>(24,328,275)</u>
Finance cost paid		(1,059,440)	(363,015)
Tax paid		(201,925)	(436,678)
Net cash generated from/(used in) operations		<u>29,345,288</u>	<u>(18,065,530)</u>
Cash flows from investing activities:			
Purchase of operating fixed assets		(392,790)	(727,273)
Sales proceeds of operating fixed assets		25,450	12,800
Long term security deposits		-	155,000
Net cash used in investing activities		<u>(367,340)</u>	<u>(559,473)</u>
Cash flows from financing activities:			
Borrowings repaid during the year		(10,500,000)	(4,500,000)
Borrowings obtained during the year		5,000,000	5,000,000
Net cash (outflow)/inflow from financing activities		<u>(5,500,000)</u>	<u>500,000</u>
Net (decrease) / increase in cash and cash equivalents		<u>23,477,948</u>	<u>(18,125,003)</u>
Cash and cash equivalents at beginning of the year		<u>4,470,460</u>	<u>22,595,485</u>
Cash and cash equivalents at the end of the year	12	<u>27,948,408</u>	<u>4,470,480</u>

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