



Waseem & Co.

Chartered Accountants

AUDITORS' REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of **SEED OUT** (the trust), which comprise the balance sheet as at **June 30, 2021** and the related income and expenditures account, statement of cash flows, statement of changes in accumulated fund 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, (or give a true and fair view of) the financial position of **SEED OUT** (the trust) as at **June 30, 2021** and of its financial performance for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan

Basis of 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 trust 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 trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the trustees determine, 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, the trustees are responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust'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.



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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 Trust'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 Trust'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 Trust 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.

Waseem & Co

WASEEM AND COMPANY
(Chartered Accountants)

ENGAGEMENT PARTNER: Waseem Mir
Lahore:



10 SEP 2021

SEED OUT
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

		<u>June 30, 2021</u>	<u>June 30, 2020</u>			<u>June 30, 2021</u>	<u>June 30, 2020</u>
FUND AND LIABILITIES	NOTE	Rupees	Rupees	ASSETS	NOTE	Rupees	Rupees
ACCMULATED FUND				NON-CURRENT ASSETS			
Accumulated fund		4,924,474	2,451,113	Operating assets	8	1,579,252	1,840,168
Surplus of income over expenditure		1,983,966	2,473,361	Intangible assets	9	3,703,925	3,703,925
		6,908,440	4,924,474			5,283,177	5,544,093
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Endowment fund	5	56,701,253	46,695,678	Advances and other receivables	10	43,967,452	40,064,482
CURRENT LIABILITIES				Cash and bank balances	11	15,376,964	6,988,154
Accrued and other liabilities	6	1,017,900	976,577			59,344,416	47,052,636
Provision for taxation	15	-	-				
		1,017,900	976,577				
CONTINGENCIES AND COMMITMENTS							
	7	-	-				
		<u>64,627,593</u>	<u>52,596,729</u>			<u>64,627,593</u>	<u>52,596,729</u>

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


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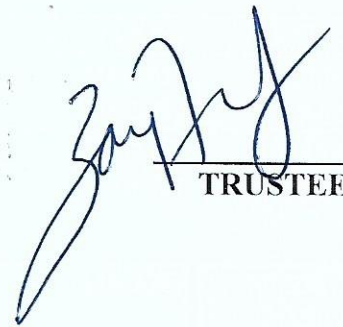
SEED OUT
STATEMENT OF INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021

	NOTE	June 30, 2021 Rupees	June 30, 2020 Rupees
Income	12	13,684,089	17,089,352
Expenditures	13	(11,650,583)	(14,570,766)
Financial charges	14	(49,540)	(45,225)
Surplus before taxation		(11,700,123)	(14,615,991)
		1,983,966	2,473,361
Provision for taxation	15	-	-
Surplus of income over expenditure		1,983,966	2,473,361

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SEED OUT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021 Rupees	June 30, 2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus of income over expenditure before tax	1,983,966	2,473,361
Adjustments for non-cash charges and other items		
Depreciation	389,190	441,873
Loss on disposal of Fixed Assets	-	400
Financial charges	49,540	45,225
	<u>438,730</u>	<u>487,498</u>
EXCESS OF INCOME OVER EXPENDITURE BEFORE CASH FLOWS FROM WORKING CAPITAL	2,422,696	2,960,859
(Increase) in current assets		
Advances and prepayments	(3,836,767)	(12,769,432)
Increase in current liabilities		
Accrued and other liabilities	41,323	(1,761,470)
NET CASH (USED IN) WORKING CAPITAL CHANGES	(3,795,444)	(14,530,902)
NET CASH (USED IN) OPERATIONS	(1,372,748)	(11,570,043)
Tax paid	(66,203)	(74,419)
Financial charges paid	(49,540)	(45,225)
	<u>(115,743)</u>	<u>(119,644)</u>
NET CASH (USED IN) OPERATING ACTIVITIES	(1,488,491)	(11,689,687)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on operating fixed assets	(128,274)	(1,293,379)
Intangible assets	-	(520,694)
Proceeds from disposal of vehicle	-	630,000
NET CASH (USED IN) INVESTING ACTIVITIES	(128,274)	(1,184,072)
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment fund	10,005,575	6,570,717
NET CASH GENERATED FROM FINANCING ACTIVITIES	10,005,575	6,570,717
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,388,810	(6,303,042)
	6,988,154	13,291,196
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15,376,964	6,988,154

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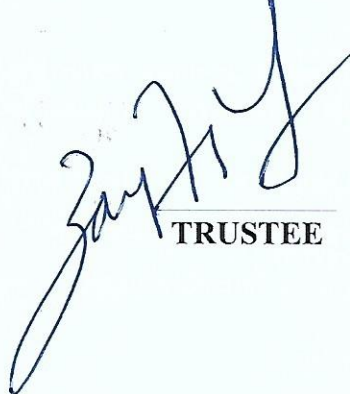

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SEED OUT
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2021

Trust Fund	Excess / (Short) of Income over Expenditure	Total
-----Rupees-----		
Balance as on 01 July, 2019	2,451,113	2,451,113
Excess of Income over Expenditure	-	2,473,361
Transfer to Trust Fund	2,473,361	(2,473,361)
Balance as on June 30, 2020	<u>4,924,474</u>	<u>4,924,474</u>
Excess of Income over Expenditure	-	1,983,966
Transfer to Trust Fund	1,983,966	(1,983,966)
Balance as on June 30, 2021	<u><u>6,908,440</u></u>	<u><u>6,908,440</u></u>

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


 TRUSTEE


 TRUSTEE

SEED OUT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2021

1 GENERAL INFORMATION

1.1 "SEED OUT" was registered on December 14, 2013 under the Societies Registration Act 1860. The aims and objects for which the organization was established is to provide "Sustainable solutions to empower people to start or expand their own business and general public welfare" in Pakistan. Registered office is situated at 96-Y, Commercial Zone, Phase-III, DHA, Lahore.

1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan.

3 BASIS OF PREPARATION

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 PROPERTY, PLANT AND EQUIPMENT

Owned

Assets are stated at cost less accumulated depreciation except freehold land. Freehold land is stated at cost.

Depreciation is charged to income and expenditure account on reducing balance method. The rate of depreciation charged during the year is given in the operating assets Note.8. Depreciation on additions to fixed assets is charged from the month in which fixed assets is available for use while no depreciation is charged in the month of disposal.

Maintenance and normal repair are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of fixed assets is recognized in current period's

The carrying amount of the trust's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist the assets' recoverable amount is estimated and impairment losses are immediately recognized in the income and expenditure account.

4.2 TAXATION

Provision for current tax is based on taxable surplus for the year determined in accordance with the prevailing law for the taxation of income after taking into account available tax credits, rebates and

4.3 ACCRUED AND OTHER LIABILITIES

Liabilities for 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 trust.

4.4 CASH AND CASH EQUIVALENT

Cash in hand and bank are carried at fair value. For the purpose of cash flow statement, cash and cash equivalent consist of cash in hand and at bank.

4.5 REVENUE RECOGNITION

4.5.1 Grant/ Donations related to income

Donations related to income are recognized on a systematic basis income over the period necessary to match them with related expenses incurred in accordance with terms of the respective project agreements.

4.5.2 Grant/ Donations related to assets

Donations related to assets are recognized as deferred income under the head capital grant. An amount equivalent to the depreciation for each year on such assets is credited to income and expenditure account in the same year in which depreciation is charged. Amount equivalent to book value of the assets relating to grant is also transferred to income and expenditure account in the same year in which asset is disposed off.

	NOTE	June 30, 2021 Rupees	June 30, 2020 Rupees
5 ENDOWMENT FUND			
Opening balance		46,695,678	40,124,961
Received during the year		11,994,965	7,134,017
		<u>58,690,643</u>	<u>47,258,978</u>
Donated to General Fund		(229,346)	-
Funds lost during the year		(869,745)	(563,300)
Provision for doubtful debts		(890,299)	-
		<u>56,701,253</u>	<u>46,695,678</u>

5.1 This is a Revolving Fund which is hundred percent revolved for creating new micro entrepreneur.

	NOTE	June 30, 2021 Rupees	June 30, 2020 Rupees
6 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		829,936	690,495
Other payable		92,316	108,230
Employees Provident Fund		79,500	164,119
Withholding tax payable		16,148	13,733
		<u>1,017,900</u>	<u>976,577</u>

7 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material contingencies as at June 30, 2021 (2020: Nil).

Commitments

There are no material commitments as at June 30, 2021 (2020: Nil).

8. OPERATING ASSETS	NOTE	June 30, 2021	June 30, 2020
		Rupees	Rupees
Operating assets	8.1	<u>1,579,252</u>	<u>1,619,062</u>

8.1 Reconciliation of carrying amounts at the beginning and end of the year is as follows:
Operating assets

	Furniture and Fixture	Electric Equipments	Computer Equipments	Vehicle	Grand Total
----- RUPEES -----					
Reconciliation of written down value at June 30, 2020					
Written down value as at July 01, 2019	343,077	329,284	275,213	671,488	1,619,062
Disposal				(630,400)	(630,400)
Additions	-	4,950	120,890	1,167,539	1,293,379
Depreciation	(34,308)	(66,248)	(99,591)	(241,726)	(441,873)
Written down value as at June 30, 2020	<u>308,769</u>	<u>267,986</u>	<u>296,512</u>	<u>966,901</u>	<u>1,840,168</u>
At June 30, 2020					
Cost	410,489	448,381	705,671	2,237,039	3,801,580
Disposal				(985,000)	(985,000)
Accumulated depreciation	(101,720)	(180,395)	(409,159)	(639,738)	(1,331,012)
Accumulated depreciation/Disposal				354,600	354,600
Written down value	<u>308,769</u>	<u>267,986</u>	<u>296,512</u>	<u>966,901</u>	<u>1,840,168</u>
Reconciliation of written down value at June 30, 2021					
Written down value as at July 01, 2020	308,769	267,986	296,512	966,901	1,840,168
Disposal					-
Additions	25,020	29,525	73,729	-	128,274
Depreciation	(32,962)	(56,110)	(106,738)	(193,380)	(389,190)
Written down value as at June 30, 2021	<u>300,827</u>	<u>241,401</u>	<u>263,503</u>	<u>773,521</u>	<u>1,579,252</u>
At June 30, 2021					
Cost	435,509	477,906	779,400	1,252,039	2,944,854
Disposal					-
Accumulated depreciation	(134,682)	(236,505)	(515,897)	(478,518)	(1,365,602)
Accumulated depreciation/Disposal					-
Written down value	<u>300,827</u>	<u>241,401</u>	<u>263,503</u>	<u>773,521</u>	<u>1,579,252</u>
Depreciation Rate (%)	10%	20%	30%	20%	

8.1.1 Depreciation for the period has been allocated as under :

	June 30, 2021	June 30, 2020
	Rupees	Rupees
Expenditures	<u>389,190</u>	<u>441,873</u>

	NOTE	June 30, 2021 Rupees	June 30, 2020 Rupees
9 INTANGIBLE ASSETS			
Intangible assets under development	9.1	3,703,925	3,703,925
		<u>3,703,925</u>	<u>3,703,925</u>
9.1 Intangible assets under development			
Opening balance		3,703,925	3,183,231
Additions during the year		-	520,694
		<u>3,703,925</u>	<u>3,703,925</u>
Transferred to operating assets		-	-
Closing balance		<u>3,703,925</u>	<u>3,703,925</u>
10 ADVANCES AND OTHER RECEIVABLES			
Advance			
-Income tax		265,124	198,921
-To employees		47,838	23,586
-For expenses		29,860	41,916
Receivable from borrowers	10.1	43,624,630	39,800,059
		<u>43,967,452</u>	<u>40,064,482</u>
10.1 Receivable From Borrowers			
Opening balance		39,800,059	26,861,400
Loan granted during the year		26,353,000	27,971,800
		66,153,059	54,833,200
Received from borrower during the year		(20,768,385)	(14,469,841)
Provision for doubtful debts	10.2	(890,299)	-
Bad debts written off		(869,745)	(563,300)
		<u>(22,528,429)</u>	<u>(15,033,141)</u>
Closing balance		<u>43,624,630</u>	<u>39,800,059</u>
10.2 2% Provision created against borrowers balances based on their repayments being overdue for certain period, due to having financial issues with different reason including COVID-19 .			
11 CASH AND BANK BALANCES	NOTE	June 30, 2021 Rupees	June 30, 2020 Rupees
Cash in hand		159,883	199,073
Cash at bank			
-in current account		15,217,081	6,789,081
		<u>15,376,964</u>	<u>6,988,154</u>
12 INCOME			
General Funds		13,684,089	17,089,352
		<u>13,684,089</u>	<u>17,089,352</u>

	NOTE	June 30, 2021 Rupees	June 30, 2020 Rupees
13 EXPENDITURES			
Staff salaries and benefits		8,408,680	8,583,020
Entertainment expenses		181,032	185,633
Event management expenses		153,865	2,582,397
Printing and stationery		60,430	163,175
Legal and professional charges		244,450	365,678
Travelling and conveyance expenses		293,676	316,280
Utility expenses		426,709	461,900
Repair and maintenance expenses		398,951	182,230
Advertisement expenses		6,240	53,750
Fee and subscriptions		-	9,457
Communication expenses		309,706	412,436
Rent expenses		335,500	330,000
Disbursement expenses		150,309	142,895
Gain/Loss Account on Asset Disposal		-	400
Depreciation	8.1.1	389,190	441,873
Amortization	9.1	-	-
Miscellaneous expenses	13.1	291,845	339,641
		11,650,583	14,570,766

13.1 Miscellaneous expenses include 180,000/- Rupees paid from operation income for Free Telehealth Services to all our Borroweres.

	NOTE	June 30, 2021 Rupees	June 30, 2020 Rupees
14 FINANCIAL CHARGES			
Bank charges		49,540	45,225

15 PROVISION FOR TAXATION

Provision for current tax is based on taxable surplus for the year determined in accordance with the prevailing law for the taxation of income. However, no provision for taxation has been considered necessary for the year as trust has tax exemption under, Section 100 C Sub Sec 2 (Clause 36) Of Income Tax Ordinance. Trust has registered and obtained certificate on "15 October 2018" and renewed on "January 15, 2021" which is valid for 3 years from the issue date.

16 GENERAL

16.1 Prior year figures have been re-arranged wherever considered necessary for the purpose of better presentation.

16.2 Figures have been rounded off to the nearest rupee.

17 AUTHORIZATION FOR ISSUANCE

These accounts are authorized for issuance by the Board of Trustees on 10 SEP 2021.


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