NATIONAL DISASTER RISK MANAGEMENT FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

pwc A.F.FERGUSON & Co.

May 6, 2026
971

The Board of Directors
National Disaster Risk Management Fund (the Company)
Islamabad

Dear Sirs

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

We refer to the email dated April 2, 2026 of the Company Secretary of the Company, whereby a copy of legal opinion dated October 7, 2025 has been shared wherein the matter of the applicability of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act) and State Owned Enterprises Ownership and Management Policy, 2023 (SOE Policy) in respect of the Company has been addressed. In continuation to the foregoing, we have been apprised that the legal advisor of the Company has assessed that since enactment of the SOE Act, the Company falls within the scope of the SOE Act and that the Company agrees to the aforementioned assessment.

2. As a consequence of the foregoing, the financial statements previously prepared by the management and presented to the Board along our draft auditors report to report thereon, as forwarded vide our letter No 630 dated January 3, 2025 necessitates certain changes to align with the requirements of the SOE Act and the SOE Policy. In addition to the foregoing, the auditors report also necessitates compliance with the requirements of the SOE Act and the SOE Policy.

3. In continuation to the above, enclosed please find five sets of financial statements initialed by us for identification purposes prepared by the Company in furtherance the provisions of the SOE Act and the SOE Policy. We shall be pleased to sign our audit report, in present or amended form, after:

(i) the signing conditions as mentioned in our earlier letter No 630 dated January 3, 2025 have been received;

(ii) we have seen the Board of Directors specific approval for adoption of the SOE Act along the SOE Policy for preparation of the financial statements and for the statement of compliance outlined in the notes to the aforementioned financial statements; and

(iii) we have received details of 'other information' as defined in paragraph 5 of International Standard on Auditing 720, 'The auditor's responsibilities relating to other information in documents containing audited financial statements.

4. We may add that whilst the aforementioned legal opinion was dated October 7, 2025 yet the same was brought to our knowledge through email dated April 2, 2026. We may caution that as per statutory provisions applicable to the Company, due care is required in accounting, preparation of reporting of the Company financial statements. In this respect, specific responsibilities of management and the Board of Directors are prescribed whose non compliance may be cognizable. We recommend that this matter be cautiously evaluated and steps taken to avoid occurrence of such instances in future.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, 74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O. Box 3021, Islamabad-44000, Pakistan
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5. We may highlight that the applicability of the SOE Act and SOE policy attracts various compliance and corrective requirements alongside placing responsibility on the Board. We trust the Board is aware of the allied matters and steps are being taken to ensure compliance with the related requirements.

6. This letter supersedes the draft financial statements shared vide our letter No 630 dated January 3, 2025 addressed to you whereas the other contents of aforesaid letter remain intact.

7. We trust the above adequately meets with your requirements and shall be pleased to discuss or clarify any matter in this respect.

Yours truly

encls

pwc A.F.FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of National Disaster Risk Management Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of National Disaster Risk Management Fund (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of comprehensive income, the statement of changes in net assets, 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, 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, the statement of comprehensive income, the statement of changes in net assets 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 (XIX of 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, 2023 and the comprehensive income, the changes in net assets 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 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.

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 annual 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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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, the requirements of Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) 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.

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 (XIX of 2017);

b) the statement of financial position, the statement of comprehensive income, the statement of changes in net assets and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and the SOE Act, 2023 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 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin.

A.F.Ferguson & Co.

Chartered Accountants
Islamabad
Date: July 8, 2026
UDIN: AR202310083sP7v1cbkV

NATIONAL DISASTER RISK MANAGEMENT FUND
(A Company set up under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		-------- Rupees in '000 --------	
ASSETS			
NON- CURRENT ASSETS			
Property and equipment	5	65,123	94,679
Intangible assets	6	-	274
Long term security deposits	7	7,515	6,814
		72,638	101,767
CURRENT ASSETS			
Advances and prepayments	8	620,334	238,318
Accrued interest	9	107,354	816,878
Income tax refundable		25,543	25,543
Short-term investment	10	16,879,102	13,995,838
Cash and bank balances	11	6,161,239	5,815,649
		23,793,572	20,892,226
TOTAL ASSETS		23,866,210	20,993,993
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred grant	13	65,123	94,953
Restricted fund	14	6,804,748	5,996,866
		6,869,871	6,091,819
CURRENT LIABILITIES			
Accrued and other liabilities	15	2,105	2,230
Current portion of lease liabilities	16	-	29,471
		2,105	31,701
TOTAL LIABILITIES		6,871,976	6,123,520
NET ASSETS		16,994,234	14,870,473
REPRESENTED BY:			
Endowment fund	17	16,994,234	14,870,473
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 1 to 27 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NATIONAL DISASTER RISK MANAGEMENT FUND
(A Company set up under section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		-------- Rupees in '000 --------	
INCOME			
Grant income recognized	14	40,076,019	2,353,866
Amortization of deferred grant	13.2	48,362	50,678
		40,124,381	2,404,544
EXPENDITURE			
Operational support expenditure	19	(326,591)	(314,984)
Programme expenditure	20	(39,749,428)	(2,038,882)
Depreciation and amortization	13.2	(48,362)	(50,678)
		(40,124,381)	(2,404,544)
Surplus for the year- before tax		-	-
Taxation	4.14	-	-
Surplus for the year - after tax		-	-
Other comprehensive income - net of tax		-	-
Total comprehensive income for the year		-	-

The annexed notes 1 to 27 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NATIONAL DISASTER RISK MANAGEMENT FUND
(A Company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	Endowment fund	Total
		Rupees in '000	Rupees in '000
Balance as at July 1, 2021		14,106,610	14,106,610
Other income		1,315,413	1,315,413
Transferred to restricted fund		(551,550)	(551,550)
		763,863	763,863
Balance as at June 30, 2022		14,870,473	14,870,473
Balance as at July 1, 2022		14,870,473	14,870,473
Other income		2,359,196	2,359,196
Transferred to restricted fund		(235,435)	(235,435)
		2,123,761	2,123,761
Balance as at June 30, 2023	17	16,994,234	16,994,234

The annexed notes 1 to 27 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NATIONAL DISASTER RISK MANAGEMENT FUND
(A Company set up under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023	2022
		-------- Rupees in '000 --------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Grant received during the year (net of transfers to deferred grant) - net	14 & 20	5,239,023	1,339,187
Payment against operational support expenditure and programme expenditure	14 & 20	(5,085,031)	(2,108,546)
Net cash generated from / (used in) operating activities		153,992	(769,359)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5.1	(18,532)	(14,761)
Addition to capital work-in-progress	5.3	-	(5,750)
Short-term investment with maturity of more than 90 days		13,995,838	(434,746)
Interest received		3,105,946	1,031,067
Net cash generated from investing activities		17,083,252	575,810
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received for property and equipment	13.1	18,532	20,511
Payment of finance lease obligation	16	(31,084)	(28,258)
Net cash used in financing activities		(12,552)	(7,747)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		17,224,692	(201,296)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5,815,649	6,016,945
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	23,040,341	5,815,649

The annexed notes 1 to 27 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

NATIONAL DISASTER RISK MANAGEMENT FUND
(A Company set up under section 42 of the Companies Act, 2017)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND OPERATIONS

National Disaster Risk Management Fund (the Company) was incorporated on December 22, 2016 under Section 42 of the Companies Ordinance, 1984 (repealed by the Companies Act, 2017) as a public company limited by guarantee not having share capital. The Company was issued license under Section 42 of the Companies Ordinance, 1984, by the Securities and Exchange Commission of Pakistan (SECP) on December 19, 2016. As per the terms of license, the Company is restricted from distribution of profits. The registered office of the Company is located at 5th Floor, EOBI House, Mauve Area, G-10/4, Islamabad.

The objective of the Company is to enhance Pakistan's resilience, strengthen the technical and financial capacity of the Government of Pakistan (GoP) and to reduce socio-economic and fiscal vulnerability of the Islamic Republic of Pakistan to climate and other natural hazards and disasters. The main sources of receipts of the Company are grants from Government of Pakistan disbursed out of loan from Asian Development Bank (ADB), International Development Association (IDA) and Agence Française de Développement (AFD) and grant of Australian Government and Swiss Agency for Development and Cooperation (SDC).

2 BASIS OF PREPARATION

(i) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting standards for Not for Profit Organisations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- The provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act) and the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy).

Where provisions of and directives issued under Companies Act, 2017 differ from the IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

In case requirements of the SOE Act or the SOE Policy differ from the Companies Act, 2017, the provisions of the SOE Act or the SOE Policy shall prevail. Where the requirements of the SOE Act and the SOE Policy differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy shall prevail to the extent of such difference.

As per Section 25 of the SOE Act, the financial statements of the state-owned enterprise must be prepared in accordance with IFRS provided that where a state-owned enterprise does not follow the full IFRS at the time of the coming into effect of this Act, the Board shall ensure compliance with this provision within a period of three years from coming into effect of this Act. As the period of three years has not yet expired, the Company has prepared the financial statements in accordance with the statement of compliance mentioned in the aforesaid paragraph.

(ii) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(a)	Property and equipment - estimated useful life	(Note 5)
(b)	Right of use asset and corresponding lease liability	(Note 5 & 16)
(c)	Intangible assets - estimated useful life	(Note 6)

3 ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 8	Accounting Policies, Changing in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 4	Insurance contracts (Amendments)	January 1, 2023
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2024
IFRS 7	Financial Instruments (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than on presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRS S1	General requirements for disclosure of sustainability-related financial information
IFRS S2	Climate-related disclosures

The following interpretation issued by IASB has been waived off by the SECP:

IFRIC 12	Service concession arrangements

3.2 There were certain amendments to accounting and reporting standards which became effective for the Company for the current year. However, these are considered not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on property and equipment is calculated, using the straight line method, to allocate their cost over their estimated useful lives, at the rates mentioned in note 5. The Company charges depreciation on all additions to the items of property and equipment from the date asset is available for use till the date of its disposal. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining estimated useful life.

Subsequent costs, if reliably measurable, are included in the asset's carrying amount, or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to income during the period in which they are incurred.

Useful lives are determined by the management based on the expected usage of an asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The gain or loss on disposal of an asset, calculated as the difference between the sale proceeds and the carrying amount of the asset, is recognized in the income for the year.

4.2 Right of use (ROU) assets

The Company recognises a right-of-use asset, if the agreement has non-cancellable term of more than 12 months, at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the basis of term of the lease agreement in accordance with the principles of IFRS 16. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.3 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets and intangible assets in the course of their acquisition, construction and installation.

4.4 Intangible assets

These are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight line method, to allocate the cost of the intangibles over its estimated useful life, at the rates mentioned in note 6. Costs associated with maintaining intangible assets are recognised as an expense as and when incurred. The Company charges amortization on additions from the date the asset becomes available for the intended use up to the date when it is derecognized.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flows, cash and cash equivalents comprise cash in hand, bank balances and other short-term highly liquid investments (if any) with original maturities of three months or less.

4.6 Deferred capital grant

Grants related to property and equipment and intangible assets are accounted for by setting up the grants as deferred grant. These grants are recognized as income on a systematic basis over the useful life of the related property and equipment and intangible assets.

4.7 Lease liabilities

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using incremental borrowing rate. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company determines the incremental borrowing rate, by using State Bank of Pakistan KIBOR rate plus spread of 2% which is considered appropriate in the circumstances of the entity.

Lease payments in the measurement of the lease liabilities comprise the following:

a) fixed payments, including in-substance fixed payments;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable under a residual value guarantee; and
d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.8 Accrued and other liabilities

Accrued and other liabilities 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 Company.

4.9 Restricted fund / Grant receivable

Restricted fund received for specific purpose are deferred when received and charged to income to the extent of actual expenditure incurred. Expenditure incurred against grant committed but not received is accrued and recognised in income and is reflected as grant receivable. Unspent portion of such grants are reflected as restricted grants in the statement of financial position. The Company follows deferral method of accounting for recognition of contribution as specified under accounting standards for NPOs issued by ICAP.

4.10 Endowment fund

Endowment fund represents contribution subject to restriction specifying that resources contributed be maintained permanently and the returns thereon can be utilized to meet the core objectives of the Company by transfer to restricted fund.

4.11 Income recognition

a) Grants against programme expenditure

Grants are recognized as income when the attached conditions are complied with, and there is a reasonable assurance that economic benefits will flow to the Company.

b) Grant against operating activities

As disclosed in note 4.10, endowment fund is maintained for meeting the operational expenditure of the Company. Income is recognized when operational expenditure is incurred after transferring the balance from endowment fund to restricted fund.

c) Profit on savings account and short-term investment

Profit on savings accounts and short term investment is recognized using the effective interest rate method.

Donation is recognized when there is reasonable assurance that the Company will comply with the conditions precedent to the grant and it will be received. Grant is recognized as income over such period as is necessary to match it with the related expenditure, on a systematic basis.

4.12 Expenditure

Expenses that are incurred in the normal operations of the Company are classified as operational support expenditure. The expenses that relate to a specific project are recognised as programme expenditure, whether incurred by the Company or Fund Implementing Partners (FIPs).

4.13 Employee's benefits

Defined contribution plan

The Company operates an approved contributory provident fund for permanent employees. Equal monthly contribution is made by both the Company and the employee to the fund as per Company's policy.

All the investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

Compensated absences

The Company accounts for compensated absences on the basis of the unavailed earned leave balances of each employee, at the end of the year, based on the last drawn salary.

4.14 Taxation

In accordance with the provisions of clause 66 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, any income derived by the Company is exempt from tax. Further, the Company is also exempt from minimum tax under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in the financial statements. Income tax suffered at source is recognised as income tax refundable.

4.15 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistan Rupees (Rs), which is the Company's functional and presentation currency.

4.16 Financial instruments - Initial recognition and subsequent measurement

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commit to purchase or sell the asset. Further financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

(i) Financial assets at FVTOCI

Investments elected to be as equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

(ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

(iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income and expenditure and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of income and expenditure and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial assets

IFRS 9 specifics the Expected Credit Loss (ECL) model, which requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost, since initial recognition, irrespective of whether a loss event has occurred. The Company has not created any loss allowance for doubtful debts.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Credit - Impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Derecognition of financial assets and liabilities

(i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of income and expenditure. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of income and expenditure. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of income and expenditure, but is transferred to statement of changes in equity.

(ii) Financial Liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of income and expenditure and other comprehensive income.

4.17 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set-off the recognised amounts and the Company intends to settle on a net basis or realise the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.19 Endowment and restricted fund appropriation

Movement in endowment fund and restricted fund is recognised in the financial statements in the period in which these are approved by the Board.

5 PROPERTY AND EQUIPMENT

	Note	2023	2022
		Rupees in 000	
Operating fixed assets	5.1	42,122	51,077
Right of use assets	5.2	-	20,601
Capital work-in-progress		23,001	23,001
		65,123	94,679

5.1 Operating fixed assets

	Vehicles	Office equipment	IT equipment	Electric equipment	Leasehold improvements	Furniture and fixtures	Total
	(Rupees in '000)						
Year ended June 30, 2022							
Opening net book value	18,093	5,805	4,632	5,201	23,693	7,875	65,299
Additions	12,742	-	1,816	-	-	203	14,761
Deletions	(151)	-	(471)	-	-	-	(622)
Depreciation for the year	(7,380)	(2,067)	(4,102)	(2,623)	(9,113)	(3,076)	(28,361)
Closing net book value	23,304	3,738	1,875	2,578	14,580	5,002	51,077
At June 30, 2022							
Cost	47,794	10,345	20,822	13,126	45,602	15,549	153,238
Accumulated depreciation	(24,490)	(6,607)	(18,947)	(10,548)	(31,022)	(10,547)	(102,161)
Net book value	23,304	3,738	1,875	2,578	14,580	5,002	51,077
Year ended June 30, 2023							
Opening net book value	23,304	3,738	1,875	2,578	14,580	5,002	51,077
Additions	270	179	18,004	79	-	-	18,532
Deletions	-	-	-	-	-	-	-
Depreciation for the year	(9,582)	(2,090)	(1,553)	(2,022)	(9,120)	(3,120)	(27,487)
Closing net book value	13,992	1,827	18,326	635	5,460	1,882	42,122
At June 30, 2023							
Cost	48,064	10,524	34,328	13,205	45,602	15,549	167,272
Accumulated depreciation	(34,072)	(8,697)	(16,002)	(12,570)	(40,142)	(13,667)	(125,150)
Net book value	13,992	1,827	18,326	635	5,460	1,882	42,122
Annual rate of depreciation in %	20%	20%	33.33%	20%	20%	20%	

		Note	2023	2022
			Rupees in 000	
5.2	**Right of use assets**			
	Leasehold building			
	Opening net book value		20,601	41,203
	Additions		-	-
	Deletions			
	Cost		-	-
	Accumulated Depreciation		-	-
			-	-
	Depreciation charge for the year		(20,601)	(20,602)
	Closing net book value		-	20,601
	At June 30			
	Cost		82,407	82,407
	Accumulated depreciation		(82,407)	(61,806)
	Net book value		-	20,601
	Annual rate of depreciation in %		25%	16.67 - 25%
6	**INTANGIBLE ASSETS - SOFTWARE**			
	Cost			
	Balance as at July 1		9,151	9,151
	Additions during the year		-	-
			9,151	9,151
	Accumulated amortisation			
	Balance as at July 1		(8,877)	(7,162)
	Charge for the year		(274)	(1,715)
			(9,151)	(8,877)
	Net book value		-	274
	Rate of amortization in %		33.33%	33.33%
7	**LONG TERM SECURITY DEPOSITS**			
	Rented office premises - security deposit		5,308	5,308
	Fleet fuel cards - security deposit		2,207	1,506
			7,515	6,814
8	**ADVANCES AND PREPAYMENTS**			
	Advances to Fund Implementing Partners (FIPs) - net	8.1	616,986	236,133
	Loans to employees - secured		1,684	250
	Prepayments		1,664	1,935
			620,334	238,318

8.1 This represents advances paid to the following FIPs against different projects:

	2023	2022
	------- Rupees in 000 --------	
Balances with related parties		
Punjab Irrigation Department	146,146	40,256
Forest & Wildlife Department Sindh	1,605	1,567
Agriculture Department, Government of KPK	299,224	-
National Institute of Health (NIH)	113,876	-
Balances with other parties		
Pakistan Red Crescent Society	-	18,041
Aga Khan Planning and Building Service Pakistan	13,575	71,128
Pakistan Poverty Alleviation Fund	42,560	47,571
Muslim Aid Pakistan	-	10,880
Islamic Relief Pakistan	-	45,890
	616,986	236,133

8.2 The maximum aggregate amount outstanding at any month-end from the related parties during the year was Rs. 35,371.065 million (2022: Rs 191.14 million).

	Note	2023	2022
		------- Rupees in 000 --------	
9 ACCRUED INTEREST			
Markup accrued on endowment fund		91,867	810,952
Markup accrued on operational fund		15,487	5,926
		107,354	816,878
10 SHORT-TERM INVESTMENT			
Cost	10.2	16,879,102	13,995,838
Accrued mark-up		91,867	810,952
		16,970,969	14,806,790
Shown as part of accrued interest		(91,867)	(810,952)
		16,879,102	13,995,838

10.1 The short term investments include following:

	Term of investment		
National Bank of Pakistan	3 months	16,879,102	-
National Bank of Pakistan	1 year	-	13,034,894
National Bank of Pakistan	1 year	-	960,944
		16,879,102	13,995,838

10.2 These represents investments made in three months Market Treasury Bills (MTBs) with maturity in September 2023 and carry a profit rate 21.99% per annum.

	Note	2023	2022
		Rupees in 000	
11 CASH AND BANK BALANCES			
Cash in hand		-	-
Cash at bank - local currency			
Saving accounts	11.1	209,741	412,612
Revolving Fund accounts	11.2	5,951,498	5,403,037
		6,161,239	5,815,649
		6,161,239	5,815,649

11.1 These carry interest at the rates ranging from 12.25% to 19.50% per annum (2021-22: 5.50% to 10.75% per annum).

11.2 This represents revolving fund accounts with National Bank of Pakistan to finance the Company's operations and includes foreign loans / grants received from ADB, AFD and IDA. These accounts are managed under memorandum issued by the Secretary Finance Division.

	Note	2023	2022
		Rupees in 000	
12 CASH AND CASH EQUIVALENTS			
Cash and bank balances		6,161,239	5,815,649
Short term investments with 90 days or less maturity	10.1	16,879,102	-
		23,040,341	5,815,649

	Note		
13 DEFERRED GRANT			
Balance as at July 1		94,953	125,742
Transferred from restricted fund	13.1	18,532	20,511
Deletions from deferred grant	5.1	-	(622)
Amortization charge for the year representing depreciation and amortisation on items of property and equipment and intangible assets	13.2	(48,362)	(50,678)
Balance as at June 30		65,123	94,953
As at June 30			
Cost		286,329	267,797
Accumulated Amortization		(221,206)	(172,844)
Net book amount		65,123	94,953

13.1 Transfer from restricted grants have been made on the basis of capital expenditure incurred during the year as follows:

	Note	2023	2022
		Rupees in 000	
Operating fixed assets	5.1		
- Vehicles		270	12,742
- Office equipment		179	-
- IT equipment		18,004	1,816
- Electric equipment		79	-
- Furnitures and fixtures		-	203
Capital work-in-progress - Software	5.3	-	5,750
		18,532	20,511

13.2 Amortization charge for the period representing depreciation and amortization on related items of property and equipment and intangible assets has been allocated as follows:

	Note	2023	2022
		Rupees in 000	
Operating fixed assets	5.1		
- Vehicles / Bikes		9,582	7,380
- Office equipment		2,090	2,067
- IT equipment		1,553	4,102
- Electric equipment		2,022	2,623
- Leasehold buildings/improvements		9,120	9,113
- Furnitures and fixtures		3,120	3,076
Right of use asset			
- Leasehold buildings	5.2	20,601	20,602
Intangible assets			
- Computer softwares	6	274	1,715
		48,362	50,678

14 RESTRICTED FUND

Balance as at July 1		5,996,866	6,451,943
Funds received directly during the year - net	20	5,257,555	1,359,698
Transfer from endowment fund	17	235,435	551,550
Gain on disposal of assets		534	-
Markup earned on operational account		37,844	8,052
		5,531,368	1,919,300
Transferred to deferred capital grant	13.1	(18,532)	(20,511)
Grant income recognised			
Operational support expenditure	19	(326,591)	(314,984)
Programme expenditure net of BISP expenditure	20	(4,378,363)	(2,038,882)
		(4,704,954)	(2,353,866)
Balance as at June 30		6,804,748	5,996,866

14.1 The Government of Pakistan (GoP), as borrower and the Asian Development Bank (ADB) have entered into following financing agreements:

(i) The Loan Agreement (Ordinary Operations) Number 3473-Pak, dated December 2, 2016 for US $ 75 million. The proceeds of the loan are to be utilized towards: (a) the establishment and operationalization of the Company through the establishment of an endowment fund and development of its operational procedures and rules, including due diligence and fiduciary arrangements; (b) financing by the Company to Qualified Subprojects through grants. The loan carries the interest in accordance with the terms defined in Section 2.0 of the Agreement and is repayable in 40 semi-annual instalments commencing from April 1, 2022 and ending October 1, 2041. The loan close date was initially May 17, 2020 which has now been extended till February 29, 2024 by ADB through letter dated December 5, 2022.

(ii) The Loan Agreement (Special Operations) Number 3474-Pak, dated December 2, 2016 for SDR 90.180 million. The proceeds of the loan are to be utilized towards the establishment of an endowment fund (SDR 72.144 million) and financing of expenditures on the project including project consultants. The loan carries the interest in accordance with the terms defined in Section 2.0 of the Agreement and is repayable in 40 semi-annual instalments commencing from April 1, 2022 and ending October 1, 2041. The loan close date was initially May 17, 2020 which has now been extended till February 29, 2024 by ADB through letter dated December 5, 2022.

(iii) The Grant Agreement, Number 0639-Pak signed dated March 22, 2019 for an amount of US $ 1.5 million. The proceeds of the grant are to be utilized for financing of expenditure on the project and other areas as defined under Section 3 of the Grant Agreement. The Grant closing date was May 17, 2020 which has now been extended to up to February 29, 2024 through letter dated December 5, 2022.

In pursuance to the above financing agreements, the GoP has entered into a Subsidiary Grant Agreement dated December 23, 2016 with the Company. The GoP has agreed to make available to Company, grant in an equivalent of US$ 75 million from Loan 3473-Pak, SDR 90.180 million from Loan 3474-Pak(SF) and US$ 1.5 million from Grant 0639-PAK for the purpose set out in Section III of the Subsidiary Grant Agreement. All foreign funds received under the agreements are disbursed to the Company in Pak Rupees.

14.2 The Government of Pakistan (GoP), borrower and the International Development Association (IDA) have entered into a financing agreement, Credit Number 6426-PK, dated May 22, 2020 for SDR 129.4 million. The proceeds of the loan are to be utilized towards the financing of expenditures on the project, the objective of which is to strengthen the delivery of reliable and timely climate and hydro-meteorological services and enhance community resilience to shocks. The loan carries the interest in accordance with the terms defined in Section 2.0 of the Agreement and is repayable in 50 semi-annual instalments commencing from July 1, 2023 and ending January 1, 2048. In pursuance to the above financing agreement, the GoP has entered into a Subsidiary Grant Agreement dated June 1, 2020 with the Company and agreed to entrust the management of the foregoing amount and implementation of the project to the Company.

14.3 The Government of Pakistan (GoP), borrower and the Agence Française de Développement (AFD) entered into a financing agreement, the Credit Facility agreement No. CPK 1036 01 V, dated July 20, 2017 for EURO 75 million. Upon the request of GoP, AFD via an amendment to the original agreement agreed to divert the undisbursed funds of the facility amounting EURO 18 million for financing the "Assistance to Fight COVID-19 Pandemic". The loan carries the interest in accordance with the terms defined in Section 2.0 of the Agreement and is repayable in 23 semi-annual instalments commencing from February 1, 2021 and ending February 1, 2032.

	Note	2023	2022
15 ACCRUED AND OTHER LIABILITIES		------- Rupees in 000 -------	
Accrued liabilities		2,105	2,121
Provident fund payable		-	109
		2,105	2,230
16 LEASE LIABILITIES			
Balance as at July 1		29,471	52,300
Unwinding of interest on lease liabilities		1,613	5,429
Payments made during the year		(31,084)	(28,258)
Balance as at June 30		-	29,471
Less: current portion of long term lease liabilities		-	(29,471)
		-	-

16.1 The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	5.2	20,601	20,602
Interest expense	19	1,613	5,429
		22,214	26,031

16.2 The Company has entered into lease agreement for respective office space. Lease terms are negotiated on individual basis and contain different terms and conditions. The mark-up rate used for calculation of present value of minimum lease payments is 14.7% per annum. Title of the building is not transferable to the Company upon payment of entire lease obligations. Current lease term is effective till July 5, 2023.

17 ENDOWMENT FUND	Note	2023	2022
		-------- Rupees in 000 --------	
Balance as at July 1		14,870,473	14,106,610
Markup earned on endowment fund	17.1	2,359,196	1,315,413
Funds transferred during the year		(235,435)	(551,550)
		2,123,761	763,863
Balance as at June 30		16,994,234	14,870,473

17.1 This represents interest earned on endowment fund. Endowment fund was created by the Company pursuant to its loan agreements as specified in note 13.1. As per terms of the agreement, earnings generated from the endowment fund are eligible for utilization for Company's recurring costs, additional investments in interest/profit bearing securities and financing of disaster risk reduction activities from the fourth year of its operations.

17.2 The transfer has been made subsequent to approval of the Board of Directors of the Company.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There are no known material contingencies as at reporting year end (2022: Rs Nil).

18.2 Commitments

The Company enters into agreements with FIPs for disbursement of amounts / funds that are conditional to the performance of the FIPs delivering the project and fulfilling the desired results. The Company is bound to pay the FIPs, if they are able to deliver the desired results and/or able to liquidate the advance as per satisfaction of the Company. The conditions are mentioned in the agreements and the Company reserves the right to terminate the agreement as per the related contractual clauses. The undisbursed amount of fund / grant as at year end in respect of the various FIPs is set out below:

	Note	2023	2022
		-------- Rupees in 000 --------	
Pakistan Red Crescent Society		-	128,652
Aga Khan Planning and Building Service, Pakistan		21,907	93,925
Punjab Irrigation Department		257,326	508,265
Pakistan Poverty Alleviation Fund		-	517,673
Muslim Aid Pakistan		-	205,585
Rescue 1122 Gilgit Baltistan		-	24,504
Islamic Relief Pakistan		-	17,022
Rescue 1122 KPK		865,467	613,850
Public Works Department, Government of Gilgit Baltistan		-	501,552
Sindh Irrigation Department		483,382	483,382
Provincial Disaster Management Authority		-	126,000
Communication and Works Department, Government of AJK		135,547	380,652
Forest and Wildlife Department		745,500	1,704,000
Ministry of National Health Services		-	1,625,043
National Institute of Health		-	199,206
Agriculture Department Government of KPK		2,540,574	-
		5,049,703	7,129,311

		Note	2023	2022
			Rupees in 000	
19	**OPERATIONAL SUPPORT EXPENDITURE**			
	Salaries and benefits	19.1	267,892	268,551
	Travelling and fuel expenses		18,884	10,908
	Printing and stationary		4,382	1,222
	Professional and legal charges		639	3,872
	Board and committee meetings fee		5,946	5,600
	Utilities and supplies		9,803	7,951
	Repairs and maintenance		4,817	5,766
	ERP licence fee		7,917	-
	Insurance		1,999	990
	Interest expense on lease liabilities	16	1,613	5,429
	Auditor's remuneration	19.2	1,764	1,739
	Miscellaneous expense		935	-
			326,591	311,828

19.1 This includes expenditure in respect of contribution to the employees contributory provident fund by the Company amounting to Rs 9.8 million (2022: Rs. 10.85 million) and against compensated absences amounting to Rs 9.4 million (2022: Rs 9.9 million).

		Note	2023	2022
			Rupees in 000	
19.2	Auditor's remuneration			
	Annual audit		1,593	1,579
	Reporting on compliance of Public Sector Companies (Corporate Governance) Rules, 2013		96	95
	Audit of Provident Fund accounts		75	65
			1,764	1,739

20 PROGRAMME EXPENDITURE

20.1 Following is the detail of the significant projects undertaken during the year along identification of key implementing partner / entity

Project	Fund implementing Partner / entity	2023	2022
		Rupees in 000	
Resilient and Adaptive Population in Disaster	Islamic Relief Pakistan	44,567	53,833
From Vulnerability to Resilience	Pakistan Red Crescent Society	75,175	6,480
Promoting Integrated Mountain Safety in Northern Pakistan (PIMSNP) and (PIMSNP) - II	Aga Khan Planning & Building Service Pakistan	190,655	303,702
Building Resilience to Disasters & Climate Change	Pakistan Poverty Alleviation Fund	5,011	5,515
Building Resilience by Strengthening the Community through inclusive Disaster Risk	Muslim Aid Pakistan	210,800	47,650
Rehabilitation/Restoration of Old Deg Nullah from Deg Diversion Channel to Q.B Link Canal	Punjab Irrigation Department	115,396	38,188
Rehabilitation/Restoration of Hajipur Gujran Flood Protection Bund	Punjab Irrigation Department	29,406	87,601
Rehabilitation/Restoration of Jalala Flood Protection Bund	Punjab Irrigation Department	247	7,487

Project	Fund implementing Partner / entity	2023	2022
		---------- Rupees in 000 ----------	
Protection of Village Abadies against the Erosive Action of Bein Nullah	Punjab Irrigation Department	-	17,610
Home & Prison Department & GB Emergency Service (Rescue 1122)	Home & Prison Department & GB Emergency Service	24,504	220,531
Landslide control Management & mitigation along major roads of AJK (Poonch division)	Communication & Works Department Government of Azad Jammu & Kashmir	245,105	51,810
Restoration of Riverine, Iland, Mangroves, Dry-land & Urban Ecosystem of Sindh Province	Forest & Wildlife Department Sindh	958,462	424,433
Providing Stone Apron, Stone Pitching and Earth Work along L.S Bund Mile 18/0 to 20/0 in Northern Dadu Division Larkana	Sindh Irrigation Department	189,483	-
Recoupment of Damaged T-Head Spur along Agani Akil Loop 2/6+250, Stone Apron at Mole of 0/4 and 0/7 Mole Spurs and 09 Nos. Stone Studs in Larkana Sub Division	Sindh Irrigation Department	245,561	-
Mitigation of Disasters Risk in Collaboration with NDRMF in Gilgit-Baltistan (Works Department)	Public Works Department Govt of Gilgit Baltistan	7,000	-
Climate Resilience Through Horticultural Interventions in Khyber Pakhtunkhwa	Agriculture Department, Govt of KPK	59,874	-
Expenditure relating to Conference of Parties-26	National Disaster Risk Management Fund	157,131	30,740
Expenditure relating to COVID-19 and Strengthening the Existing Capacity of NIH for effective response against COVID-19 Pandemic	National Institutes of Health	1,645,862	249,311
Research and consultancy expenditure	National Disaster Risk Management Fund	164,305	479,839
Awareness, perception surveys and outreach	National Disaster Risk Management Fund	9,819	17,205
Flood 2022 expenditure for flood affectees (note 20.2)	Benazir Income Support Programmes Network (BISP)	35,371,065	-
		39,749,428	2,042,038

20.2 During the year, a directive was issued from Prime Minister Office to consider options of diverting / repurposing funds from existing donor projects / programmes to BISP for Emergency Cash Transfer Programme and other relief / rehabilitation activities for flood affectees. In this respect, Ministry of Economic Affairs directed NDRMF to sign a Grant Implementation Agreement (GIA) with BISP along completion of other procedural requirements for disbursement of approx. Rs 35 billion from International Development Association (IDA) to help BISP to cope with cash compensation requirements of flood affectees. The funds of approx. Rs 35 billion were directly disbursed by the IDA to BISP. Management has recorded the related expenses and recognized corresponding grant income based on results of verification performed by Company's internal audit and presented to the audit committee followed by approval of the Board of Directors of Company. In this respect management affirms that IDA has waived the requirement of project audit and also accepted the eligibility of beneficiaries per the related scorecard on as is basis without any scrutiny of scorecard input / output mechanism in relation to ultimate beneficial disbursement to beneficiaries deemed eligible for aforesaid funds / support.

21 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Company is registered with the Securities and Exchange Commission of Pakistan as a Company limited by guarantee under section 42 of Companies Act, 2017. Company is incorporated by GoP through its functionaries and the Company's board of directors include officials nominated by the GoP. Therefore all entities and body corporate owned or having interest directly or indirectly in it by the GoP / nominee directors of GoP are related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which the directors are able to exercise influence. Amounts due from / (to) related parties, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 23.

		2023	2022
21.1	Transactions with related parties by virtue of Government control / association	-------- Rupees in 000 --------	
	Punjab Irrigation Department		
	Funds transferred during the year	250,939	-
	Expense for the year	145,049	150,886
	Home & Prison Department & GB Emergency Service (Rescue 1122)		
	Funds transferred during the year	24,504	147,021
	Expense for the year	24,504	220,531
	Communication & Works Department - Government of Azad Jammu & Kashmir		
	Funds transferred during the year	245,105	51,910
	Expense for the year	245,105	51,910
	Forest & Wildlife Department Sindh		
	Funds transferred during the year	958,500	426,000
	Expense for the year	958,462	424,433
	Sindh Irrigation Department		
	Funds transferred during the year	435,044	-
	Expense for the year	435,044	-
	Public Works Department - Government of Gilgit Baltistan		
	Funds transferred during the year	7,000	-
	Expense for the year	7,000	-
	Agriculture Department - Government of KPK		
	Funds transferred during the year	359,098	-
	Expense for the year	59,874	-
	National Institute of Health (NIH)		
	Funds transferred during the year	1,759,738	-
	Expense for the year	1,645,862	249,311
	Benazir Income Support Programmes Network (BISP)		
	Funds transferred directly by IDA to BISP during the year	35,371,065	-
	Expense reported by BISP for the year	35,371,065	-

		2023	2022
		-------- Rupees in 000 --------	
21.2	Other related party transactions		
	Staff retirement benefit plan		
	Contribution to Employees' Provident Fund	9,836	10,847

21.3 The balances with related parties have also been disclosed in note 8.1.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

22.1 Financial instruments by category

The Company's financial assets and liabilities consist of the following:

Financial assets		
Maturity up to one year		
Amortized cost		
Short-term investment	16,879,102	13,995,838
Cash and bank balances	6,161,239	5,815,649
Accrued interest	107,354	818,878
Maturity after one year		
Fair value through profit or loss		
Long term security deposits	7,515	6,814
	23,155,210	20,635,179
Financial liabilities		
Maturity up to one year		
Financial liabilities held at amortized cost		
Accrued and other liabilities	2,105	2,230
Lease liabilities	-	29,471
Maturity after one year		
Financial liabilities at amortized cost		
Lease liabilities	-	-
	2,105	31,701

The Company doesn't have any financial assets classified under fair value through other comprehensive income. Also the Company doesn't have any financial liabilities classified under fair value through profit or loss.

22.2 Credit quality of financial assets

	Long term rating	Short term rating	Rating Agency	2023	2022
				-------- Rupees in 000 --------	
Counterparties with external credit ratings					
Bank balances					
National Bank of Pakistan	AAA	A1+	PACRA	6,161,239	5,815,649
Short term investments					
National Bank of Pakistan	AAA	A1+	PACRA	16,879,102	13,995,838
Accrued interest					
National Bank of Pakistan	AAA	A1+	PACRA	107,354	818,878
Counterparties without external credit ratings					
Long term security deposits					
Rented office premises - security deposit				5,308	5,308
Fleet fuel cards - security deposit				2,207	1,506

22.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (including currency risk and interest rate risk)

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its long term security deposits, balances at bank and short term investment. The maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
	-------- Rupees in 000 --------	
Long term security deposits	7,515	6,814
Accrued interest	107,354	816,878
Short-term investment	16,879,102	13,995,838
Cash and bank balances	6,161,239	5,815,649
	23,155,210	20,635,179
Counterparty credit risk exposure of the company is as follows:		
National Bank of Pakistan	23,147,695	20,628,365
Others	7,515	6,814
	23,155,210	20,635,179

Security deposits are not significant to the financial statements. The carrying amount of financial assets representing the maximum credit exposure at the reporting date are disclosed in note 22.1. The credit risk related to balances with banks, in term deposits and savings accounts, is managed in accordance with the Company's policy of placing funds with approved financial institutions and within the limits assigned in accordance with the counter party risk policy. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counter party failure. Bank balances are subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial because the counterparty is a bank with reasonably high credit rating. The credit quality of bank balances, that are not impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. Credit ratings and exposure of bank balances with the counterparty are appearing in note 22.2.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying value	Contractual cash flows		
		Within 1 year	1 to 5 years	More than 5 years
	Rupees in 000			
June 30, 2023				
Accrued and other liabilities	2,105	2,105	-	-
Lease liabilities	-	-	-	-
	2,105	2,105	-	-
June 30, 2022				
Accrued and other liabilities	2,230	2,230	-	-
Lease liabilities	29,471	29,471	-	-
	31,701	31,701	-	-

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is not exposed to currency and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk arising from various currency exposures.

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk.

Financial assets include balances of Rs 17,088,843 thousand (2022: Rs 14,408,450 thousand) and financial liabilities include Rs Nil (2022: Rs 29,471 thousand) which are subject to interest rate risk. Applicable interest rates have been indicated in respective notes.

If the interest rate had been 1% higher / lower with all other variables held constant, surplus / loss for the year would remain unchanged as the profit on investments is recognized in endowment fund.

Fair value of financial assets and liabilities

Fair value of all financial assets and liabilities, reflected in the financial statements, approximate their carrying values.

Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so that it can achieve its primary objectives, provide benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses in line with the objects of the Company. There was no change to the Company's approach to the fund management during the year. The company is not subject to externally imposed capital requirements.

Off-setting of financial assets and liabilities

For the year ended June 30, 2023, no financial assets and liabilities were subject to offsetting.

23 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits, to Directors, Chief Executive and Executives of the Company is as follows:

	Directors		Chief Executive		Executives	
	2023	2022	2023	2022	2023	2022
	Rupees in 000					
Managerial remuneration	-	-	17,559	7,677	180,767	189,611
Directors Meeting Fee	5,946	5,600	-	-	-	-
Honorarium	-	-	1,756	1,344	16,379	13,474
Mobile allowance	-	-	180	82	1,217	1,338
Leave encashment	-	-	732	583	8,082	8,078
Medical reimbursement / insurance	-	-	98	23	3,516	1,722
Provident Fund Employer's Contrib	-	-	878	384	8,384	8,462
EOBI Employer's Contribution	-	-	15	6	595	589
	5,946	5,600	21,218	10,099	218,940	223,274
Number of persons	9	9	1	1	41	44

23.1 In addition to the above, the Chief Executive, Corporate Executives and the General Managers were provided with the company maintained vehicles for official use.

24 NUMBER OF EMPLOYEES

	2023	2022
Total number of employees at the end of the year	58	67
Average employees for the year	62	67

25 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Total
	Rupees in 000	
Balance as at July 1, 2022	29,471	29,471
Payments made during the year	(31,084)	(31,084)
Interest expense during the year	1,613	1,613
Balance as at June 30, 2023	-	-

26 GENERAL

26.1 Figures have been rounded off to the nearest Pak rupee.

26.2 Corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of better presentation and / or to comply with requirements of accounting and reporting standards, the effects of which are not considered material on the statement of financial position as at June 30, 2023, and the statement of comprehensive income, the statement of changes in net assets, the statement of cash flows for the year then ended.

27 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on 30th June 2023.

CHIEF EXECUTIVE OFFICER

DIRECTOR