

SAFCO SUPPORT FOUNDATION



MANAGEMENT ACCOUNTS FOR THE PERIOD ENDED December 31, 2020

SAFCO SUPPORT FOUNDATION
BALANCE SHEET
AS AT Dec 31, 2020

		31-Dec-20	30-Jun-20
		-----Rupees-----	
ASSETS			
Non current assets			
Property and equipment	1.	119,295,722	122,104,359
Right of use assets		38,397,484	38,397,484
Intangible assets		1	1
Security deposits		1,878,000	2,028,000
Loan to enterprises		1,145,846	1,145,846
Long term loans - unsecured	6	37,255,671	24,529,475
		197,972,724	188,205,165
Current assets			
Cash and bank balances	3.	465,275,846	863,144,973
Investments		183,700,000	209,700,000
Micro credit loan portfolio	4.	2,406,008,866	2,069,304,042
Current maturity of long term loans - unsecured	6.i	4,816,562	17,953,191
Grant receivable from donor		11,380,502	5,635,507
Accrued financial charges		195,833,615	145,160,785
Loan to enterprises		1,957,490	1,957,490
Advances and prepayments	5.	5,944,684	3,463,651
Other receivables	7.	15,175,296	19,858,472
		3,290,092,861	3,336,178,111
Total assets		3,488,065,586	3,524,383,276
ACCUMULATED SURPLUS AND LIABILITIES			
Accumulated surplus		814,797,952	712,094,152
Endowment Reserve		12,686,084	6,130,522
Surplus on revaluation of property		28,986,282	28,986,282
Non-current liabilities			
Deferred grant for fixed assets		891,845	734,769
Lease Liability (ROUA)		43,686,656	33,997,661
Loan from donors - secured	0	746,000,000	1,640,582,500
Loan from a donor - PMIFL		118,531,912	118,531,914
Total non-current liabilities		909,110,413	1,793,846,844
Current liabilities			
Current portion of loan from donors - secured	8.i	1,632,285,000	854,302,500
Accrued mark-up		58,964,909	90,610,636
Lease amount outstanding		-	9,846,071
Emergency fund		23,809,501	19,800,502
Deferred grant for operations		837,000	-
Other liabilities	9.	6,588,445	8,765,767
Total current liabilities		1,722,484,855	983,325,476
Contingency and Commitments			
Total accumulated surplus and liabilities		3,488,065,586	3,524,383,277

Chief Executive Officer/Managing Director

Head of Finance

SAFCO SUPPORT FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
AS AT Dec 31, 2020

	31-Dec-20	30-Jun-20
	-----Rupees-----	
INCOME		
Financial Income earned	10. 377,737,602	822,731,482
Financial Charges expensed	11. (124,704,803)	(329,197,537)
Net Financial charges income	<u>253,032,799</u>	<u>493,533,945</u>
Loan loss reserve for the year	(27,265,383)	(56,915,732)
Net Financial charges income after provision	<u>225,767,416</u>	436,618,213
Other income	12. 29,507,239	16,034,839
	<u>255,274,655</u>	<u>452,653,052</u>
EXPENDITURE		
General and administrative	13. 151,606,089	372,436,755
Other	151,606,089	372,436,755
Net operating surplus / (deficit)	103,668,566	80,216,297
Incremental depreciation on revaluation of property		
Grant income	14. 5,590,795	21,959,073
Profit / (Loss) for the year	<u><u>109,259,361</u></u>	<u><u>102,175,370</u></u>
OSS	136%	113%

Chief Executive Officer/Managing Director

Head of Finance

SAFCO SUPPORT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (continued)

AS AT Dec 31, 2020

1. FIXED ASSETS - TANGIBLE

	12/31/2020						
	Cost			Depreciation			
	As at July 01, 2020	Additions/ (Deletions) during the period	AS AT Dec 31, 2020	As at July 01, 2020	Charge for the period	AS AT Dec 31, 2020	Written down value as at Sep 30, 2020
Land-freehold	24,488,230		24,488,230	-		-	24,488,230
Land-hold land - ware house	61,577,250		61,577,250	-		-	61,577,250
Building	11,180,700		11,180,700	2,492,126	200,178	2,692,304	8,488,396
Building-Ware house	2,340,000		2,340,000	525,700	45,078	570,778	1,769,222
Right of Use Assets (ROUA)	50,839,472		50,839,472	12,441,988	-	12,441,988	38,397,484
Computers & Equipment	14,613,387	155,850	14,769,237	9,107,228	919,113	10,026,341	4,742,896
Furniture & Fixtures	8,297,719	30,000	8,327,719	3,148,354	257,124	3,405,478	4,922,241
Electrical Equipment	10,910,495	82,140	10,992,635	5,001,469	582,349	5,583,818	5,408,817
Motor Vehicles	21,147,907	(43,229)	21,104,678	12,855,117	1,029,555	13,884,672	7,220,006
Motor Vehicles-leased	1,915,890		1,915,890	1,237,225		1,237,225	678,665
	207,311,050	224,761	207,535,811	46,809,208	3,033,397	49,842,605	157,693,206

	Rupees						
	Cost			Depreciation			
	As at July 01, 2019	Additions/ (Deletions) during the period	AS AT July 31, 2020	As at July 01, 2019	Charge for the period	AS AT July 31, 2020	Written down value as at July 31, 2020
Land-freehold	24,488,230		24,488,230	-		-	24,488,230
Land-hold land - ware house	61,577,250		61,577,250	-		-	61,577,250
Building	11,180,700		11,180,700	2,034,832	457,293	2,492,126	8,688,574
Building-Ware house	2,340,000		2,340,000	430,210	95,489	525,700	1,814,300
Right of Use Assets (ROUA)	-		50,839,472	-	-	12,441,988	38,397,484
Computers & Equipment	12,212,188	2,401,199	14,594,387	6,784,738	2,322,491	9,107,228	5,487,159
Furniture & Fixtures	7,484,099	813,620	8,297,719	2,610,233	538,122	3,148,354	5,149,365
Electrical Equipment	9,646,006	1,264,489	10,910,495	3,627,235	1,374,234	5,001,469	5,909,026
Motor Vehicles-owned	27,155,886	(6,007,979)	21,147,907	14,178,210	(941,343)	12,855,117	8,292,790
Motor Vehicles-leased	1,915,890		1,915,890	855,476		1,237,225	678,665
	158,000,249	(1,528,671)	207,292,050	30,520,934	3,846,287	46,809,208	160,482,842

SAFCO SUPPORT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
AS AT Dec 31, 2020

	31-Dec-20	30-Jun-20
	----- Rupees -----	
2.		
Opening Balance	1	1
Addition during the period	-	-
Amortization for the period	-	-
Closing balance	1	1

3. CASH AND BANK BALANCES

	31-Dec-20	30-Jun-20
Cash in hand	4,443,665	3,151,159
Cash in transit	2,003,958	2,942,418
Cash at banks		
Current Accounts	80,061,360	17,268,665
PLS accounts	378,766,863	839,782,731
	458,828,223	857,051,396
	465,275,846	863,144,973

4. MICRO CREDIT LOAN PORTFOLIO

	31-Dec-20	30-Jun-20
	----- Rupees -----	
Micro credit loan portfolio - PMIC	1,708,651,486	1,471,161,545
Micro credit loan portfolio - PMIFL	94,944,798	52,358,261
Micro credit loan portfolio - other than PMIFL & PMIC	602,412,583	545,784,235
	2,406,008,866	2,069,304,042

4.1 Micro credit loan portfolio - other than PMIFL & PMIC

	Number	Rupees	Number	Rupees
Regular loans	17,417	424,168,884	9,481	206,759,820
Rescheduled loans	12,104	227,502,470	15,190	369,218,365
Overdue loans			2,815	21,797,540
Gross portfolio	29,521	651,671,354	27,486	597,775,725
Loan loss reserve	4.1	(48,859,737)		(44,252,776)
Loans written off		(399,034)		(7,738,714)
Net portfolio		602,412,583		545,784,235
		Portfolio At Risk		3.39%
		Provision as a percentage of OLP		5.0%

4.1 A Loan loss reserve

	31-Dec-20	30-Jun-20
	----- Rupees -----	
Opening balance	44,252,776	43,539,627
Charge for loan loss reserve for the period	5,005,995	8,451,863
Amount written off	(399,034)	(7,738,714)
Closing balance	48,859,737	44,252,776

4.2 Microcredit loan portfolio- PMIFL

	Number	Rupees	Number	Rupees
Regular loans	4,142	91,071,247	2,907	33,686,621
Rescheduled loans	549	5,811,200	1,136	22,078,600
Overdue loans				-
Gross portfolio	4,691	96,882,447	4,043	55,765,221
Loan loss reserve	4.1	(1,937,649)		(1,068,536)
Loans written off		-		(2,303,300)
Net portfolio		94,944,798		52,393,385
		Portfolio At Risk		0.0%
		Provision as a percentage of OLP		2.00%

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	31-Dec-20	30-Jun-20
	----- Rupees -----	
Opening balance	1,068,536	1,153,521
Charge for loan loss reserve for the period	869,113	2,218,315
Amount written off		(2,303,300)
Closing balance	1,937,649	1,068,536

4.3 Microcredit loan portfolio- PMIC

	Number	Rupees	Number	Rupees
Regular loans	37,692	1,278,923,344	15,943	621,276,064
Rescheduled loans	30,331	570,401,784	37,913	936,227,870
Overdue loans			3,737	33,470,610
Gross portfolio	68,023	1,849,325,128	57,593	1,590,974,544
Loan loss reserve	4.1	(138,447,278)		(119,283,369)
Loans written off		(2,226,364)		(529,630)
Net portfolio		1,708,651,486		1,471,161,545
		Portfolio At Risk 2.1%		
		Provision as a percentage of OLP 5.00%		

	31-Dec-20	30-Jun-20
	----- Rupees -----	
Opening balance	119,283,368	73,602,568
Charge for loan loss reserve for the period	21,390,275	46,210,430
Amount written off	(2,226,364)	(529,630)
Closing balance	138,447,278	119,283,368

4.4 Overdue loans and related specific provision have been classified in the following categories:

	Dec-20		2020	
	Number	Rupees	Number	Rupees
PMIC	3,737	33,470,610	3,737	33,470,610
PMIFL	-	-	-	-
Other than PMIC & PMIFL	2,818	64,750,386	2,818	21,797,540
	6,555	98,220,996	6,555	55,268,150

Classification	Dec-20			
	Amount outstanding Rupees	Provision against loan losses required %	Provision against loan losses required Rupees	Provision against loan losses held Rupees
30-59 days overdue	18,447,865	0%	-	-
60-89 days overdue	12,608,749	25%	3,152,187.25	3,152,187
90-179 days overdue	11,184,434	50%	5,592,217.00	5,592,217
180-365 days or more	55,979,948	100%	55,979,948	55,979,948
	98,220,996		64,724,352	64,724,352
General provision			124,520,312	124,520,312
Total provision			189,244,665	189,244,665

SAFCO SUPPORT FOUNDATION
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Classification	2020			
	Amount outstanding Rupees	Provision against loan losses required %	Provision against loan losses required Rupees	Provision against loan losses held Rupees
30-59 days overdue	714,930	0%	-	-
60-89 days overdue	1,565,701	25%	391,425	391,425
90-179 days overdue	20,037,165	50%	10,018,583	10,018,583
180-365 days or more	32,950,354	100%	32,950,354	32,950,354
	<u>55,268,150</u>		<u>43,360,362</u>	<u>43,360,362</u>
General provision	4.4.1			121,244,319
Total provision				<u>164,604,680</u>

4.4.1 General provision	Note	31-Dec-20	30-Jun-20
		-----Rupees-----	
Opening balance		164,604,680	118,295,716
Charge for the year	4.5, 4.6 & 4.7	27,265,383	56,915,732
Amounts written-off against loan losses		(2,625,398)	(10,606,768)
Closing balance	4.4.2	189,244,665	164,604,680
Less: specific provision		(64,724,352)	(43,360,362)
		<u>124,520,313</u>	<u>121,244,319</u>

4.5 Provision against loan losses - PMIC	Dec-20	30-Jun-20
	-----Rupees-----	
Opening balance	119,283,368	73,602,568
Charge for the year	21,390,274	46,210,430
Amounts written-off against loan losses	(2,226,364)	(529,630)
Closing balance	<u>138,447,278</u>	<u>119,283,368</u>

4.6 Provision against loan losses - PMIFL	Dec-20	30-Jun-20
	-----Rupees-----	
Opening balance	1,068,536	1,153,521
Charge for the year	869,113	2,253,439
Amounts written-off against loan losses	-	(2,338,424)
Closing balance	<u>1,937,649</u>	<u>1,068,536</u>

4.7 Provision against loan losses - other than PMIFL & PMIC	Dec-20	30-Jun-20
	-----Rupees-----	
Opening balance	44,252,776	43,539,627
Charge/(Reversal) for the year	5,005,995	8,451,863
Amounts written-off against loan losses	(399,034)	(7,738,714)
Closing balance	<u>48,859,737</u>	<u>44,252,776</u>

4.7-1 IFRS 9 Implementation

IFRS 9 requires an expected credit loss model as previously IAS 39 used an incurred credit loss model. The expected credit loss model requires the Foundation to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have accrued before credit losses are recognized.

SAFCO SUPPORT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
AS AT Dec 31, 2020

4.8 Portfolio Quality Report	Dec-20		2020	
	Rupees	Portfolio At Risk	Rupees	Portfolio At Risk
Late by 30-59 days	18,447,865	0.7%	714,930	0.03%
Late by 60-89 days	12,608,749	0.5%	1,565,701	0.07%
Late by 90-180 days	11,184,434	0.4%	20,037,165	0.90%
Above 180 Days	55,979,948	2.2%	32,950,354	1.48%
	<u>98,220,996</u>	<u>3.78%</u>	<u>55,268,150</u>	<u>2.5%</u>
			31-Dec-20	30-Jun-20
			----- Rupees -----	
5. ADVANCE AND PREPAYMENTS				
Branch			756,765	302,170
Suppliers			730,825	751,475
Administration			337,990	2,940
Prepaid Health insurance			4,078,735	2,366,697
Rent			-	-
Loan to enterprise			3,103,336	3,103,336
Prepaid Markup subject to Finance lease			-	40,369
Prepaid insurance expense - ASTFL			-	-
Other advances			40,369	-
			<u>9,048,020</u>	<u>6,566,987</u>
			31-Dec-20	30-Jun-20
			----- Rupees -----	
6 LONG TERM LOANS				
Un secured				
Loan to employees			42,072,233	42,482,666
6.i Less: Current Maturity of long term loans			(4,816,562)	(17,953,191)
			<u>37,255,671</u>	<u>24,529,475</u>
			31-Dec-20	30-Jun-20
			-----Rupees-----	
6.1 Reconciliation of carrying amount of long term loans is as follows;				
Balance at July 1,			42,482,666	38,482,615
Disbursements during the year			7,388,898	18,059,987
			<u>49,871,564</u>	<u>56,542,602</u>
Less: Received during the year			(7,799,331)	(14,059,936)
			<u>42,072,233</u>	<u>42,482,666</u>
			31-Dec-20	30-Jun-20
			-----Rupees-----	
7. OTHER RECEIVABLES				
Accrued bank profit on investments			5,589,193	9,691,796
Accrued income on saving accounts			(2)	(2)
Receivable from SAFWCO			6,800,000	5,300,000
Receivable from PMN			-	-
Receivable from clients			13,900	-
Health Insurance Receivable from Staff			(357,442)	330,318
Group Insurance Receivable from Staff			827,074	402,864
Receivable from PPAF Islamabad			-	-
Other receivables			4,552,573	4,133,494
Unrealized gain of forward contract			(2,250,000)	-
			<u>15,175,296</u>	<u>19,858,470</u>

SAFCO SUPPORT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
AS AT Dec 31, 2020

8. LOAN FROM DONOR / BANKS

Pakistan Poverty Alleviation Fund (PPAF)		8.1	118,531,912	118,531,912
Symbiotics		8.2	-	167,600,000
JS Bank Limited (JS)		8.3	-	-
MCB Bank Limited		8.4	-	145,000,000
Pakistan Microfinance Investment company (PMIC)	76%	8.5	1,900,000,000	1,900,000,000
Triodos Investment Bank	100	8.6	282,285,000	282,285,000
Bank Alfalah		8.8	100,000,000	-
State Bank of Pakistan		8.9	96,000,000	
			<u>2,496,816,912</u>	<u>2,613,416,912</u>
			-	-
8.i Less: Current Portion shown in current liabilities			<u>1,632,285,000</u>	<u>854,302,500</u>
			<u>864,531,912</u>	<u>1,759,114,412</u>

8.1 LOAN FROM PPAF

Opening Balance		-	-
Received during the year		-	-
Principal repayment during the year		-	-
	*	-	-
Closing balance		<u>-</u>	<u>-</u>

8.2 LOAN FROM PPAF PMIFL

Opening Balance		118,531,912	118,531,912
Received during the year		-	-
		<u>118,531,912</u>	<u>118,531,912</u>
Principal repayment during the year / Adjustment		-	-
Closing balance		<u>118,531,912</u>	<u>118,531,912</u>

8.3 LOAN FROM SYMBIOTICS

Opening Balance		167,600,000	164,000,000
Exchange loss		-	-
Received during the year		-	3,600,000
		<u>167,600,000</u>	<u>167,600,000</u>
Principal repayment during the year		<u>(167,600,000)</u>	-
Closing balance		<u>-</u>	<u>167,600,000</u>

31-Dec-20 30-Jun-20

----- Rupees -----

SAFCO SUPPORT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
AS AT Dec 31, 2020

8.4 LOAN FROM JS Bank Limited

Opening Balance	-	148,200,000
Received during the year	-	-
	<u>-</u>	<u>148,200,000</u>
Principal repayment during the year	-	(148,200,000)
Closing balance	<u>-</u>	<u>-</u>

8.5 LOAN FROM MCB Bank Limited

Opening Balance	145,000,000	135,000,000
Received during the year	-	65,000,000
	<u>145,000,000</u>	<u>200,000,000</u>
Principal repayment during the year	(145,000,000)	(55,000,000)
Closing balance	<u>-</u>	<u>145,000,000</u>

8.6 LOAN FROM PMIC

Opening Balance	1,900,000,000	1,600,000,000
Received during the year	-	1,050,000,000
	<u>1,900,000,000</u>	<u>2,650,000,000</u>
Principal repayment during the year	-	(750,000,000)
Closing balance	<u>1,900,000,000</u>	<u>1,900,000,000</u>

8.7 LOAN FROM Triodos Investment Bank

Opening Balance	282,285,000	279,555,000
Received during the year	-	-
Exchange loss	-	2,730,000
	<u>282,285,000</u>	<u>282,285,000</u>
Principal repayment during the year	-	-
Closing balance	<u>282,285,000</u>	<u>282,285,000</u>

8.8 LOAN FROM Bank Alfalah

Opening Balance	-	-
Received during the year	100,000,000	-
	<u>100,000,000</u>	<u>-</u>
Principal repayment during the year	-	-
Closing balance	<u>100,000,000</u>	<u>-</u>

8.9 LOAN FROM SBP

Opening Balance	-	-
Received during the year	96,000,000	-
	<u>96,000,000</u>	<u>-</u>
Principal repayment during the year	-	-
Closing balance	<u>96,000,000</u>	<u>-</u>

SAFCO SUPPORT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
AS AT Dec 31, 2020

9. OTHER LIABILITIES

Payable to staff - savings		-
Payable to Livestock insurance premium	285,018	285,018
Provision for Telephone	-	17,780
Provision for Courier charges	-	32,938
Provision for Audit Fee	(6,600)	1,233,908
Payable to clients	479,587	-
Provision for Electricity	-	36,401
Payable to Supplier	(1,600,062)	-
Sindh Sales Tax Payable	-	66,000
Provision for Rent	101,595	35,750
Liability against forward contract	6,116,275	6,116,275
Other payables	1,212,632	941,697
	<u>6,588,445</u>	<u>8,765,767</u>

10. FINANCIAL INCOME EARNED

	31-Dec-20	30-Jun-20
	----- Rupees -----	
Income on micro credit loans to customers	219,301,472	798,387,995
Loan processing fees	-	-
Emergency fund fee realised	8,436,130	24,343,487
	<u>227,737,602</u>	<u>822,731,482</u>

11. FINANCIAL CHARGES EXPENSED

Pakistan Poverty Alleviation Fund (PPAF)	-	-
Symbiotics	4,410,973	9,805,080
MCB Bank Limited (MCB)	7,246,387	16,653,731
Pakistan Microfinance Investment company (PMIC)	100,090,959	285,613,315
JS Bank Limited (JS)	-	1,050,234
SBP LOC	2,674,214	62,848
Triodos Investment Bank	7,716,355	13,812,329
Banl Alfalah	2,565,915	2,200,000
	<u>124,704,803</u>	<u>329,197,537</u>

12. OTHER INCOME

	31-Dec-20	30-Jun-20
	----- Rupees -----	
Bank Profit	18,316,285	51,268,589
Income on term deposit	8,580,452	12,634,237
Loans written off - recovered	364,490	404,956
Financial charges on Staff loan	208,353	640,983
Gain on sale of fixed asset	-	1,012,149
Gain on disposal of investment	-	-
Exchange Loss	-	(73,626,075)
Exchange gain	2,012,797	23,700,000
Miscellaneous Income	24,862	-
	<u>29,507,239</u>	<u>16,034,839</u>

SAFCO SUPPORT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
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13. GENERAL AND ADMINISTRATIVE EXPENSES

Salaries and other benefits	88,062,429	202,425,377
Vehicle operating	2,430,923	5,583,105
Vehicle fuel expense	4,910,079	10,693,455
Training	10,000	8,279,357
Depreciation	3,057,013	19,438,706
Bank charges	6,179,310	29,685,123
Travelling and conveyance	11,866,925	25,020,494
Office supplies and equipments	1,140,197	5,648,484
Printing and publication	236,964	3,880,575
Audit fees	160,600	983,100
Legal and professional charges	1,249,740	6,372,926
MIS software	4,292,507	7,046,473
Amortization of software	-	-
Annual membership fee	50,000	297,496
Miscellaneous	124,342	7,200,276
Rent	7,966,624	186,025
Utility	3,217,300	9,687,802
Courier charges	201,448	585,479
Stationery expense	1,492,807	97,750
EOBI Expense	1,994,200	
Repair and maintenance	373,833	2,763,519
Insurance Charges	840,112	
CIB-Expenses	586,637	1,403,615
Staff Provident Fund Expense	3,324,117	
Staff Accommodation & Per dium Allowance	179,100	
Staff Entertainment & Meeting	2,823,000	7,584,853
Staff Provident Fund Expense	-	
Health Insurance	1,604,434	3,887,575
Consulting charges	-	
Exposure visit	-	
Gain/Loss on sale of Assets	(4,387)	
Finance cost against leased Assets	-	7,915,795
Study Grant	-	196,387
Full and final settlement	1,390,901	
Contribution charges	304,862	
Loans Directly Written Off	-	
Upfront fee cost	-	
Livestock Insurance	-	
Event Expenses	-	
Donation/Grant	2,000,000	5,259,157
Internet Expenses	351,555	
Security Expenses	-	
Sindh Salas Tax	77,576	313,851
Withholdig Tax charges	(889,059)	-
	<u>151,606,089</u>	<u>372,436,755</u>

14. GRANT INCOME

For operations	5,590,795	21,959,073
For Loan Loss Reserve	-	-
For fixed assets	-	-
	<u>5,590,795</u>	<u>21,959,073</u>

Chief Executive Officer/Managing Director

Head of Finance