BDO

Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BOARD OF HEALTH AND NUTRITION DEVELOPMENT SOCIETY

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **HEALTH AND NUTRITION DEVELOPMENT SOCIETY ("the Society"),** which comprise the statement of financial position as at June 30, 2024, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the annexed financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis of 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 Society in accordance with 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 ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Emphasis of Matter

We draw attention to Note 1.3 of the financial statements, which describes that the Society is carrying out activities permitted to Non-Banking Finance Companies. The Society has applied for license to carry out investment Finance Services under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, which is pending at the reporting date. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Governing Board for the Financial Statements

The management of the Society is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Governing Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

In preparing the financial statements, the Governing Board is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Governing Board are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

- 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 Governing Board 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.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

DATED:

KARACHI 14 JAN 2025

UDIN: AR202410067B0UePko1E

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

HEALTH AND NUTRITION DEVELOPMENT SOCIETY (HANDS)
STATEMENT OF FINANCIAL POSITION
AS AT JUN 30,2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	456,889,679	315,961,752
Intangible assets	5	7,611,530	10,399,682
Capital work in progress	6	56,897,880	15,578,746
Long term deposits	7	61,125,464	67,288,917
		582,524,553	409,229,097
CURRENT ASSETS			
Loans and advances	8	215,515,074	144,451,592
Grant receivable	9	693,838,665	506,245,317
Other receivables	10	709,054	6,476,490
Prepayments		208,580	208,000
Advance tax	11	98,440,815	53,598,982
Short term investments	12	41,400,000	161,031,096
Cash and bank balances	13	587,918,503	897,075,757
		1,638,030,691	1,769,087,234
TOTAL ASSETS		2,220,555,244	2,178,316,331
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred capital grants	14	411,606,806	278,204,718
CURRENT LIABILITIES			
Trade and other payables	15	523,743,536	568,385,742
PMIFL Loan	16	47,714,584	47,714,584
Liabilities against musharaka financing	17	-	2,448,660
Restricted funds - unutilized	18	395,217,651	330,400,751
		966,675,771	948,949,737
TOTAL LIABILITIES		1,378,282,577	1,227,154,455
NET ASSETS		842,272,667	951,161,876
REPRESENTED BY:			
FUNDS			
Surplus		544,474,709	682,987,596
Reserve for endowment fund		145,377,958	115,754,280
Reserve for micofinance activities		152,420,000	152,420,000
		842,272,667	951,161,876
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHAIRMAN **CHIEF EXECUTIVE** **FINANCE SECRETARY**

HEALTH AND NUTRITION DEVELOPMENT SOCIETY (HANDS)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUN 30, 2024

	Note	2024 Rupees	2023 Rupees
INCOME			
Program revenue	20	2,460,569,997	2,887,591,324
OTHER INCOME AND SUPPORT			
Donation		113,167,100	355,546,865
Zakat		96,078,347	192,088,019
Service income	21	85,091,400	43,906,662
Other income	22	234,211,959	280,009,799
		528,548,806	871,551,345
EXPENDITURE			
Programme and project expenses	23	2,460,569,997	2,887,591,324
Expenditure incurred on unrestricted projects	24	637,438,015	694,532,890
		3,098,008,012	3,582,124,214
Net (deficit) / surplus for the year		(108,889,209)	177,018,455

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHAIRMAN **CHIEF EXECUTIVE** **FINANCE SECRETARY**

HEALTH AND NUTRITION DEVELOPMENT SOCIETY (HANDS)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (deficit) / surplus for the year		(108,889,209)	177,018,455
Adjustments for non cash and other items:			
Depreciation	4	29,715,783	27,105,788
Amortization of intangible assets	5	485,231	724,226
Loss on disposal of property and equipment		(17,775,769)	-
Adjustments on completed agreements - net		(3,048,356)	1,463,047
		9,376,889	29,293,061
(Increase) / decrease in current assets			
Loans and advances		(72,140,839)	60,287,310
Short term prepayments		(580)	122,000
Other receivables		5,767,436	(2,466,925)
(Decrease) / increase in current liabilities			
Zakat payable		-	(36,737,351)
Trade and other payables		(44,642,206)	345,695,574
Cash (used in) / generated from operations		(210,528,509)	573,212,134
Taxes paid		(44,841,833)	(23,772,180)
Net cash (used in) / generated from operating activities		(255,370,342)	549,439,954
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures		(223,773,928)	(87,384,090)
Additions to intangible assets	5.2	(1,274,072)	(3,009,365)
Sale proceeds from disposal of property and equipment		19,000,000	-
Capital work in progress		(41,319,139)	(14,190,315)
Long term deposits		6,163,443	(14,369,217)
Term deposit receipts (TDR) - net		119,631,096	(17,181,096)
Net cash (used in) investing activities		(121,572,600)	(136,134,083)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Restricted' funds received		2,489,590,869	2,927,046,140
Repayment of finance lease		(2,448,661)	(1,839,233)
Restricted' funds utilized	17.3	(2,419,356,530)	(2,853,202,124)
Net cash flows from financing activities		67,785,678	72,004,783
Net (decrease) / increase in cash and cash equivalents		(309,157,264)	485,310,654
Cash and cash equivalents at beginning of the year		897,075,767	411,765,113
Cash and cash equivalents at end of the year	13	587,918,503	897,075,767

The annexed notes from 1 to 31 form an integral part of these financial statements.

CHAIRMAN **CHIEF EXECUTIVE** **FINANCE SECRETARY**