

**THE AGA KHAN RURAL SUPPORT
PROGRAMME
(AKRSP)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022**



INDEPENDENT AUDITOR'S REPORT

To the members of The Aga Khan Rural Support Programme Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of The Aga Khan Rural Support Programme (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in fund and reserve, 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, statement of income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in fund and reserve 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 December 31, 2022 and of the deficit and other comprehensive loss, the changes in fund and reserve 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 directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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 and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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- 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 income and expenditure, the statement of income and expenditure and other comprehensive income, the statement of changes in fund and reserve 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 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 Aftab Ahmad.

Chartered Accountants
Islamabad
Date: April 6, 2023

UDIN: AR202210610LKJCC8Aeg

THE AGA KHAN RURAL SUPPORT PROGRAMME
(A company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

ASSETS	Note	2022 Rupees	2021 Rupees
NON-CURRENT ASSETS			
Property and equipment	5	80,575,458	38,391,337
Long-term investments	6	736,488,496	892,410,869
Long-term loan to subsidiaries	7	-	-
Loans to businesses	8	-	-
		817,063,954	930,802,206
CURRENT ASSETS			
Loans and advances	9	13,055,922	13,335,098
Deposits, prepayment and other receivables	10	8,602,143	3,506,423
Receivable from related parties	11	4,409,948	5,620,258
Contract assets	12	46,374,452	127,295,481
Receivable from donors	15	62,347,636	42,435,331
Short-term investments	13	332,618,520	368,366,937
Bank balances	14	901,681,538	524,153,418
		1,369,090,159	1,084,712,946
		2,186,154,113	2,015,515,152
FUND AND RESERVE			
General fund		759,941,316	812,635,292
Surplus on re-measurement of investments classified as fair value through other comprehensive income		284,461,856	456,316,229
		1,044,403,172	1,268,951,521
NON-CURRENT LIABILITIES			
Deferred capital grant	16	79,381,053	36,788,291
Revolving fund for Accelerate Prosperity	17	30,073,436	28,692,481
		109,454,489	65,480,772
CURRENT LIABILITIES			
Restricted grants	15	830,216,824	484,692,873
Other payables	18	202,079,628	196,389,986
		1,032,296,452	681,082,859
		2,186,154,113	2,015,515,152
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 38 form an integral part of these financial statements.



 Chairman



 Director



 Chief Executive Officer

THE AGA KHAN RURAL SUPPORT PROGRAMME
(A company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2022

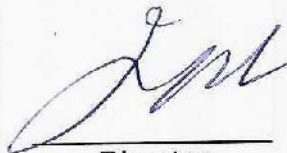
	Note	2022 Rupees	2021 Rupees
INCOME			
Grant income recognized - restricted grants	15	1,387,511,388	1,024,626,925
Amortization of deferred capital grant	16	14,832,521	6,709,656
Income from Microhydel Projects	20	422,473,147	75,955,623
Unrestricted grant income	21	-	42,900,000
Other income	22	51,698,365	45,700,375
		<u>1,876,515,421</u>	<u>1,195,892,579</u>
EXPENDITURE			
Civil society development	23	295,090,304	155,592,102
Gender and development	24	2,252,277	6,109,013
Resource development	25	1,134,611,430	595,050,873
Market development	26	75,585,530	70,052,947
Accelerate prosperity	27	175,899,188	111,803,770
COVID-19 projects	28	66,437,254	70,991,696
		<u>1,749,875,983</u>	<u>1,009,600,401</u>
Management and administration	29	184,383,014	160,671,221
		<u>1,934,258,997</u>	<u>1,170,271,622</u>
(Reversal) of impairment / loss allowance for expected credit losses	30	(5,049,600)	866,964
(DEFICIT)/ SURPLUS FOR THE YEAR		<u><u>(52,693,976)</u></u>	<u><u>24,753,993</u></u>

The annexed notes 1 to 38 form an integral part of these financial statements.

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 Chairman



 Director



 Chief Executive Officer

THE AGA KHAN RURAL SUPPORT PROGRAMME
 (A company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Rupees	2021 Rupees
(DEFICIT)/ SURPLUS FOR THE YEAR	(52,693,976)	24,753,993
OTHER COMPREHENSIVE (LOSS) FOR THE YEAR		
Items that may be subsequently reclassified in statement of income and expenditure:		
(Loss) on remeasurement of investments classified as fair value through other comprehensive income	(171,854,373)	(317,535,648)
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR	<u>(224,548,349)</u>	<u>(292,781,655)</u>

The annexed notes 1 to 38 form an integral part of these financial statements.

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 Chairman



 Director



 Chief Executive Officer

THE AGA KHAN RURAL SUPPORT PROGRAMME
(A company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUND AND RESERVE
FOR THE YEAR ENDED DECEMBER 31, 2022

	General fund	Surplus on re- measurement of investments classified as fair value through other comprehensive income	Total
	Rupees	Rupees	Rupees
Balance as at January 1, 2021	787,881,299	773,851,877	1,561,733,176
Total comprehensive (loss) for the year			
Surplus for the year	24,753,993	-	24,753,993
Other comprehensive (loss) for the year	-	(317,535,648)	(317,535,648)
	24,753,993	(317,535,648)	(292,781,655)
Balance as at December 31, 2021	812,635,292	456,316,229	1,268,951,521
Total comprehensive (loss) for the year			
(Deficit) for the year	(52,693,976)	-	(52,693,976)
Other comprehensive (loss) for the year	-	(171,854,373)	(171,854,373)
	(52,693,976)	(171,854,373)	(224,548,349)
Balance as at December 31, 2022	759,941,316	284,461,856	1,044,403,172

The annexed notes 1 to 38 form an integral part of these financial statements.

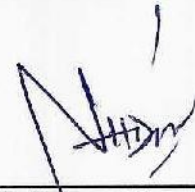
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Chairman



Director



Chief Executive Officer


THE AGA KHAN RURAL SUPPORT PROGRAMME
(A company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit)/ surplus for the year		(52,693,976)	24,753,993
Adjustment for non-cash items:			
Depreciation		15,071,974	7,555,217
Interest income on financial assets		(46,959,878)	(34,726,681)
Income from Microhydel Projects		(422,473,147)	(75,955,623)
Grant income recognized		(1,387,511,388)	(1,024,626,925)
Amortization of deferred capital grant		(14,832,521)	(6,709,656)
Exchange gain		-	(182,729)
Loss/ (gain) on disposal of property and equipment		96,906	(135,625)
(Reversal) of impairment / loss allowance for expected credit losses		(5,049,600)	866,964
		<u>(1,861,657,654)</u>	<u>(1,133,915,058)</u>
		<u>(1,914,351,630)</u>	<u>(1,109,161,065)</u>
Working capital changes:			
(Increase) / decrease in current assets			
Loans and advances		(6,153,067)	(4,995,617)
Deposits, prepayments and other receivables		(5,095,720)	10,202,049
Receivable from related parties		1,210,310	1,973,672
Contract assets		503,394,176	68,353,758
Receivable from donors		(19,912,305)	1,327,708
Increase / (decrease) in current liabilities			
Restricted grants		1,733,035,339	1,333,495,891
Other payables		5,689,642	4,637,909
		<u>2,212,168,375</u>	<u>1,414,995,370</u>
Cash generated from operations		<u>297,816,745</u>	<u>305,834,305</u>
Change in deferred capital grant		57,425,283	27,244,872
Change in revolving fund		1,380,955	1,857,377
Bank balance held under lien		(27,825,000)	(40,079,000)
Net cash from operating activities		<u>328,797,983</u>	<u>294,857,554</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(57,768,583)	(27,684,917)
Interest received		68,776,295	30,754,520
Proceeds from sale of property and equipment		415,582	210,684
Investments in term deposit receipts during the year - net		(2,000,000)	(2,000,000)
Loans extended to businesses - net		6,432,243	9,184,451
Repayments of long-term loan by subsidiaries		4,050,000	-
Proceeds from divestment of long-term investments		999,600	-
Net cash from investing activities		<u>20,905,137</u>	<u>10,464,738</u>
Effect of foreign currency exchange gain on cash and cash equivalents		-	182,729
Net increase in cash and cash equivalents		<u>349,703,120</u>	<u>305,305,021</u>
Cash and cash equivalents at beginning of the year		<u>484,074,418</u>	<u>178,769,397</u>
Cash and cash equivalents at end of the year	14.3	<u>833,777,538</u>	<u>484,074,418</u>

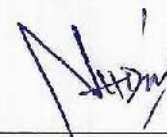
The annexed notes 1 to 38 form an integral part of these financial statements.



Chairman



Director



Chief Executive Officer

37 CORRESPONDING FIGURES

Upto previous year, the Company's programmes were operated under five themes namely Civil Society Development, Gender Development, Resource Development, Market Development and COVID-19 Projects. From the current year, management has created a new theme i.e. Accelerate Prosperity, hence, expenditure related to Accelerate Prosperity that was previously part of Market Development has now been shown separately on the face of statement of income and expenditure.

Following reclassifications have been made in corresponding figures to conform to current year presentation due above change:

Statement of Income and Expenditure


<u>Reclassified from</u>	Rupees	<u>Reclassified to</u>	Rupees
Market Development	<u>111,803,770</u>	Accelerate Prosperity	<u>111,803,770</u>

38 GENERAL

38.1 These financial statements have been authorized for issue by the Board of Directors of the Company on _____.



Chairman



Director



Chief Executive Officer