



## RURAL COMMUNITY DEVELOPMENT SOCIETY



# annual report 2020

[www.rcdspk.org](http://www.rcdspk.org)






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DEVELOPMENT SOCIETY

# annual report

2020

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# Message from **CHAIRPERSON**

**Muhammad Murtaza**



We all know that COVID-19 pandemic has created a lot of problems in achieving the development goals and targets set by the organizations and disrupted the socio-economic indicators especially the micro-economic indicators directly affecting the conditions and lives of the vulnerable poor. I acknowledge the valuable contribution and support from Government departments, donors, social development partners, community-based institutions, natural leaders, youth volunteers, staff and above all communities who stood side by side and worked for the welfare and betterment of most marginalized people during this hard time.

This year marked completion of 25 years journey of socio-economic transformation of RCDS for empowering the communities and we successfully completed the implementation of our strategic plan for 2016-20. New strategic plan will be formulated by considering the national development targets set by Government of Pakistan and Government of Punjab and international commitments against Sustainable Development Goals. This will enable us to broaden the horizon of development & humanitarian work in our target areas with the support of our community-based local institutions.

Being Chairperson of Board of Directors and on behalf of all directors, I acknowledge the patience, hard work, commitment and passion shown by the RCDS management and implementation teams to serve the under-served people considering the good governance practices and effective utilization of available financial resources.

I wish and pray to ALLAH almighty for continuing the social development work for the most vulnerable population through integrated programming; we are looking forward to improve the living conditions of our beneficiaries in post-COVID situation. We would strive to equitable, prosperous and resilient Pakistan through transformational economic independency, increased participation in decision making and equitable opportunities for rural women. We as a RCDS family will strengthen the working relationship with stakeholders, donors and communities to contribute for achievement of the sustainable development goals.

# Message from **MANAGING DIRECTOR**

## **QAISAR IQBAL**

It is matter of immense pleasure for me to present annual progress including financial report of RCDS for financial year 2019-20. Despite the persistent socio-economic challenges and increased vulnerability for poor households due to COVID-19 pandemic, our teams completed the implementation of programs by adopting the innovative strategies and following the standard operating procedures by Government of Pakistan.

This year we celebrated the silver jubilee of RCDS by supporting the most vulnerable and poor households through provision of dry food and hygiene products at their doorstep during the strict lockdown with the support of Unilever Pakistan. We constantly remained engaged with our communities through local community-based institutions and tried our level best to decrease the financial burden of deserving families during this difficult situation.

I am grateful for the strategic direction, support and guidance provided by worthy Chairperson and members of board of directors of RCDS during the pandemic. Senior management provided all due support to the field teams for assuring their health and safety by allocating extra financial resources. No staff member laid off during the pandemic and flexible working options provided to the staff by the management.

In coming years, we will be working on the new strategic plan of RCDS with more focus on socio-economic development and empowerment of rural communities especially women and youth in our working communities to unleash & harness their skills and capacities. We will be exploring institutional partnerships for leveraging the existing social infrastructure and to expand our outreach through social mobilization & capacity building program.

At the end I am thankful for the support and facilitation provided by the local community institutions, volunteers and team of RCDS, because targets couldn't be achieved without their honesty, discipline, hard work and zeal. I also reiterate that we will be working as a team to achieve the milestones by adhering the core values and principles of RCDS.









# CORE VALUES



**Transparency**



**Accountability**



**Adaptability**



**Partnership**



“

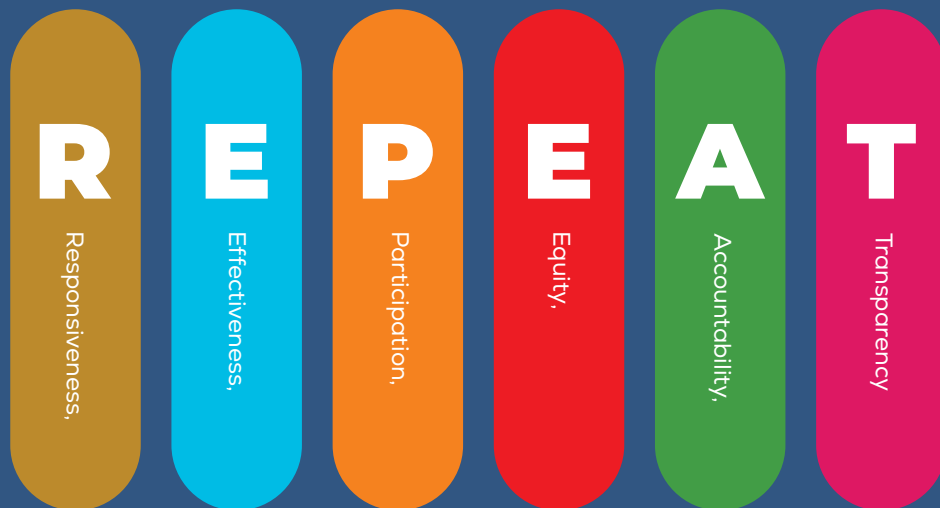
LIFE IS ABOUT ACCEPTING THE CHALLENGES  
ALONG THE WAY, CHOOSING TO KEEP MOVING  
FORWARD, AND SAVORING THE JOURNEY

”

Roy T. Bennett

# GOVERNANCE STRUCTURE

RCDS governance structure is based on characteristics of Responsiveness, Effectiveness, Participation, Equity, Accountability and Transparency. We assure that these characteristics are understood and followed at all tiers of the management



Governance of RCDS managed through 7 members of Board of Directors comprising of 4 men and 3 women. While overall management is being administered by Managing Director for day to day operations. Regular meetings of Board of Directors and Senior Management Team conducted to ensure the good governance practices.

# BOARD OF DIRECTORS

FOR YEAR 2020-25



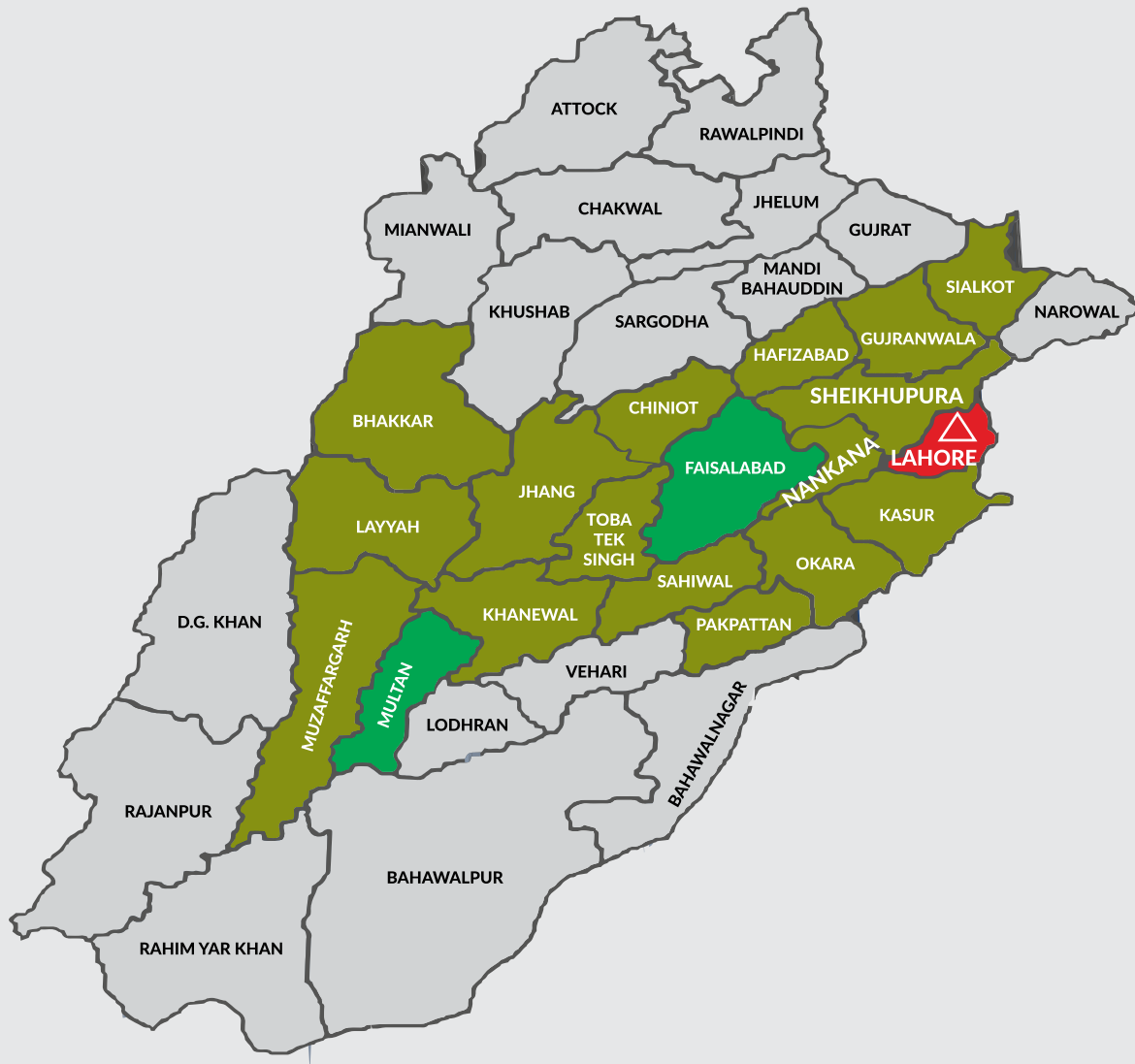


# ORGANOGRAM



# GEOGRAPHICAL **COVERAGE**

RCDS has geographical footprints in 19 districts of central and south Punjab of Pakistan. Head office based at Lahore while having district office in each working district.



Registered Office: Mandi Faizabad, District Nankana Sahib  
 Head Office: Lahore  
 Regional Office: Faisalabad & Multan

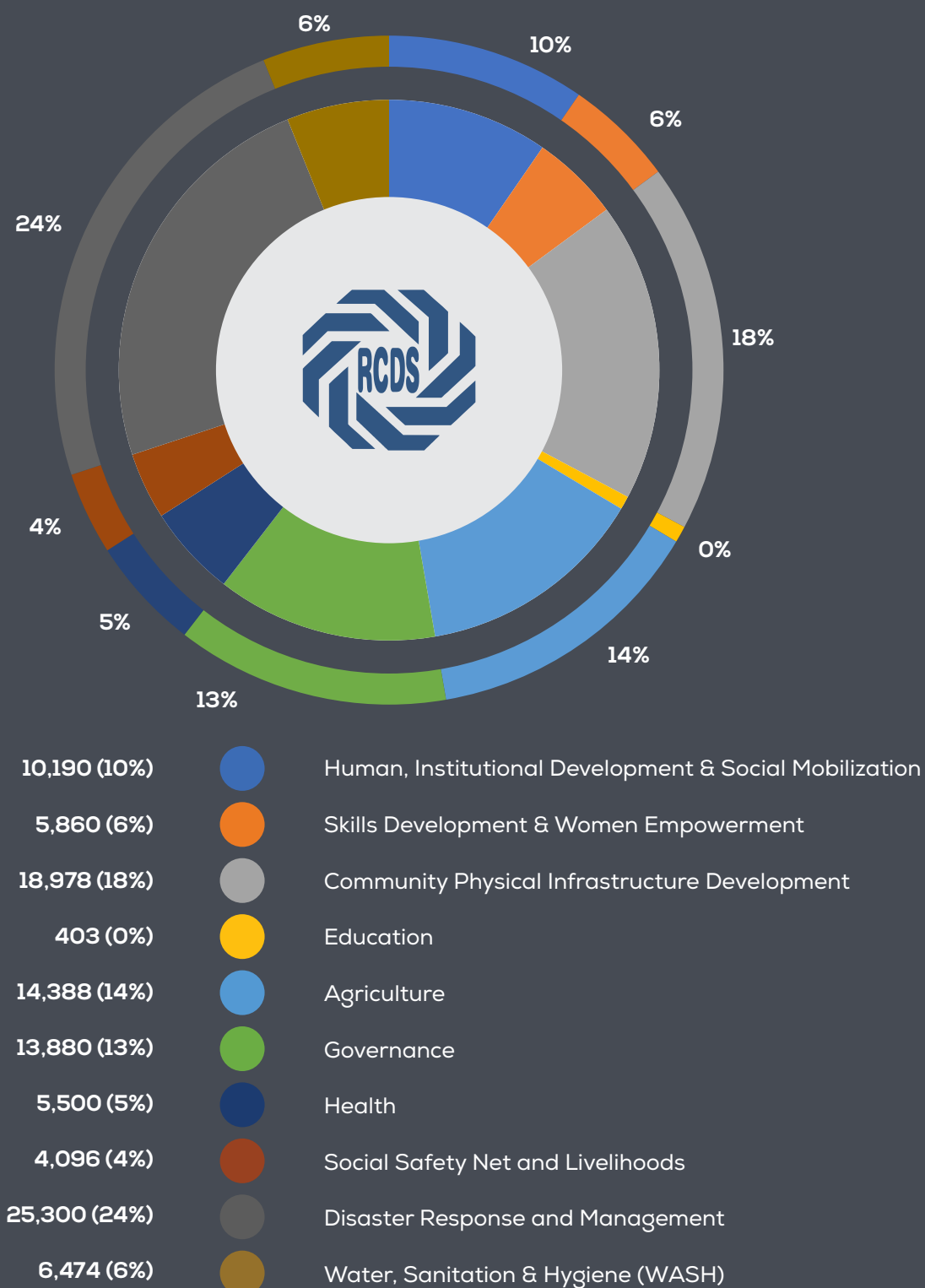
Current projects are being implemented in district

- Sheikhpura
- Nankana Sahib
- Chiniot
- Jhang
- Toba Tek Singh
- Layyah
- Bhakkar

- Presence
- ▲ Head Office
- Regional Office

# HOUSEHOLDS

## Benefitted and Served



\* 550,000 households mobilized, sensitized and enrolled for distribution of Health Cards under Sehat Sahulat Program of Government of the Punjab is not part of this graphical presentation due to high value of families











# **SKILLS DEVELOPMENT**

PROGRAM





# SKILLS DEVELOPMENT

With more than 68 percent of its population below the age of 30 years, investment in youth empowerment ought to be a top priority in Pakistan. Unless this demographic dividend is transformed and leveraged into a positive one, Pakistan will be at risk of leaving more young people further behind and will not be able to meet the Sustainable Development Goals Agenda.<sup>1</sup>

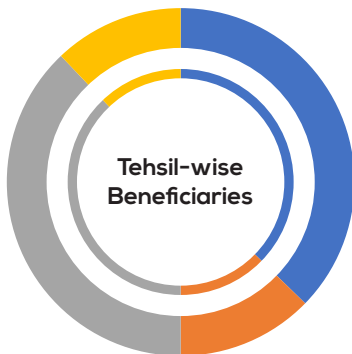
Nearly 30 percent of youth are illiterate and nearly 77 percent quit education and began working for financial reasons. The national education budget remains at 2.3 percent of the GDP; adding to this is the youth unemployment rate at 5.79 percent. Youth make up 36.9 percent of Pakistan's total labour force. Almost 4 million youth attain working age

every year, compared to the 1 million jobs added per annum. Finally, share of Pakistani youth not in education, employment or training (NEET) stands at 30.96 percent (percent of youth population).

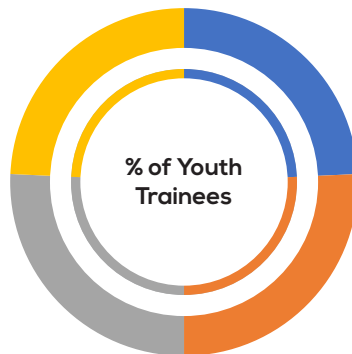
The Government of Punjab has addressed its strong commitment to build human capital in its Punjab Growth Strategy. It recognizes human capital enhancement as a critical path to improving quality employment and acknowledged skills training as an important tool to achieve this target. To support the strategic areas of Punjab Skills Development Project (2015-2020), RCDS joined hands with Punjab Skills Development Fund for increasing Livestock Management Skills of 5,000 rural women in 4 districts of Punjab province.

<sup>1</sup> [https://www.pk.undp.org/content/pakistan/en/home/library/development\\_policy/dap-vol7-issue1-empowering-our-youth.html](https://www.pk.undp.org/content/pakistan/en/home/library/development_policy/dap-vol7-issue1-empowering-our-youth.html)

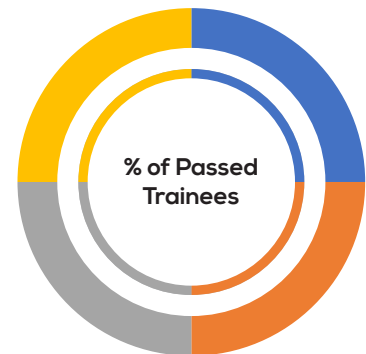




<span style="color: blue;">●</span>	<b>Hafizabad</b> 860 (80%)
<span style="color: orange;">●</span>	<b>Pindi Bhattian</b> 260 (11%)
<span style="color: grey;">●</span>	<b>Nankana Sahib</b> 840 (37%)
<span style="color: yellow;">●</span>	<b>Shahkot</b> 320 (14%)



<span style="color: blue;">●</span>	<b>Hafizabad</b> 65%
<span style="color: orange;">●</span>	<b>Pindi Bhattian</b> 68%
<span style="color: grey;">●</span>	<b>Nankana Sahib</b> 68%
<span style="color: yellow;">●</span>	<b>Shahkot</b> 66%



<span style="color: blue;">●</span>	<b>Hafizabad</b> 98%
<span style="color: orange;">●</span>	<b>Pindi Bhattian</b> 97%
<span style="color: grey;">●</span>	<b>Nankana Sahib</b> 99%
<span style="color: yellow;">●</span>	<b>Shahkot</b> 99%





# SEHAT SAHULAT

PROGRAM





# SEHAT SAHULAT PROGRAM

SSP's objective is to improve access of the poor population to good quality medical services, through a micro health insurance scheme. Population under approx. 32.5 of the Proxy Means Test (2 USD) is being covered. 7.2 Million deserving families in 36 districts of the Punjab are to get best healthcare facilities for free, through empaneled hospitals across the country.

## Salient Features

The salient features of the Program for Punjab are as follows:

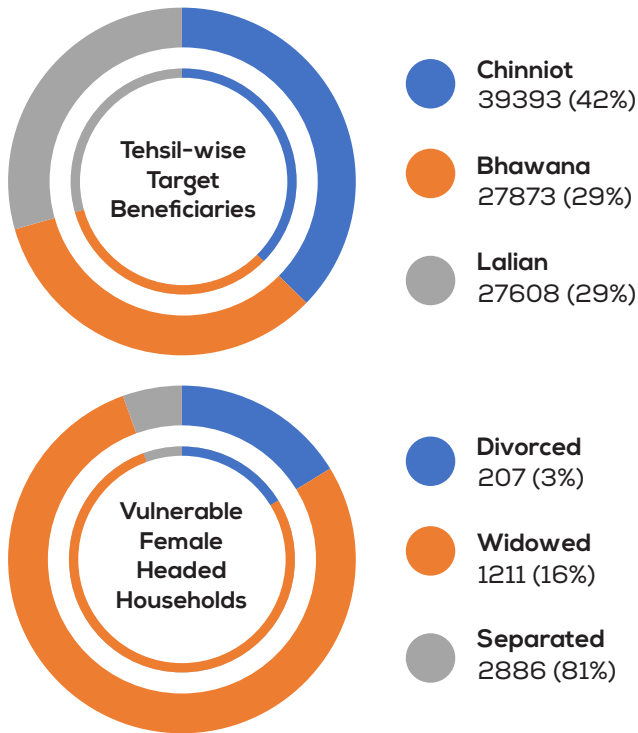
- Beneficiaries are provided with a health insurance card
- The program provides two distinct packages:
- Secondary care coverage for hospitalization up to Rs. 720,000 per family per year
- Coverage for 8 priority diseases up to 320,000

per family per year

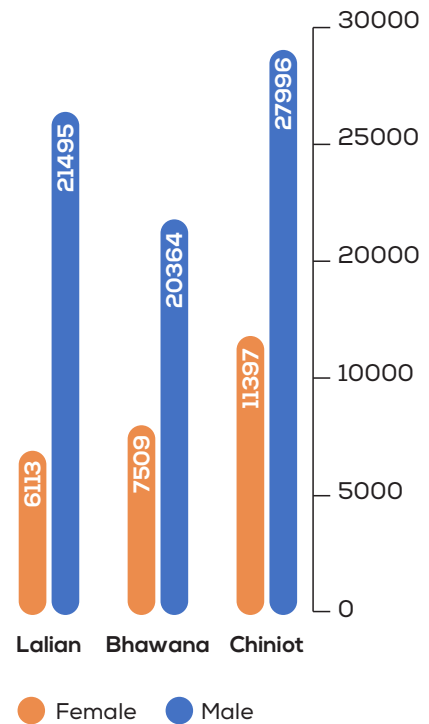
- After enrolment in the scheme, the beneficiary will be eligible to go to any empaneled hospital across the country.
- No capping on family size.
- Pre-existing diseases are covered.
- Coverage on yearly basis to all age groups.
- Inter-district portability is also available.
- One day pre and Five days post hospitalization expenses including the medicine are covered.
- Transportation cost equal to Rs. 1,000/- per trip for 3 trips/ year is also provided.

RCDS signed the implemented of program in 6 districts of Punjab province as lead implementation partner while in 3 districts as consortium partner with AGAHE. During the current year, RCDS started enrolment, distribution of health cards to beneficiaries in district Chiniot, Jhang, Toba Tek Singh and Sheikhpura.

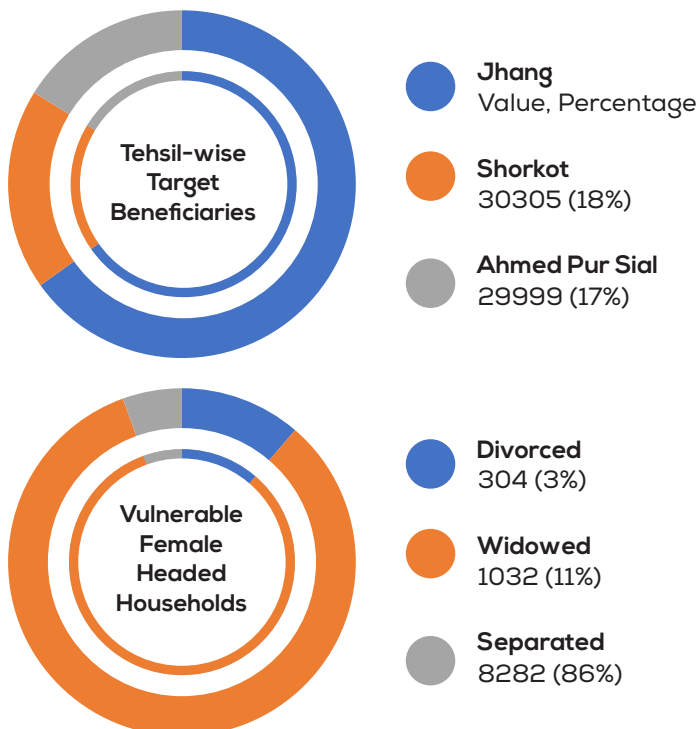
## District Chiniot



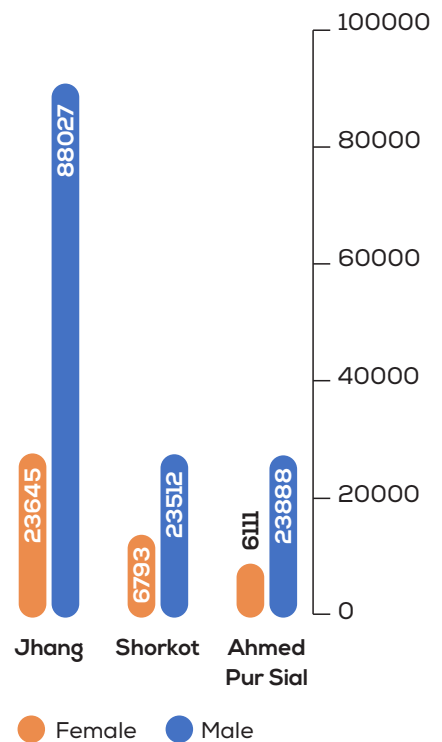
## Gender Wise Target Beneficiaries



## District Jhang



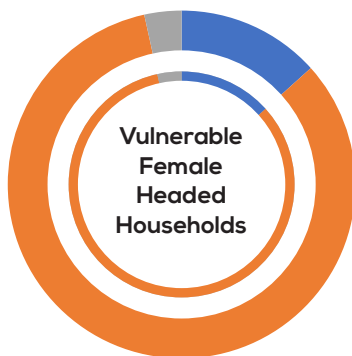
## Gender Wise Target Beneficiaries



## District Toba Tek Singh

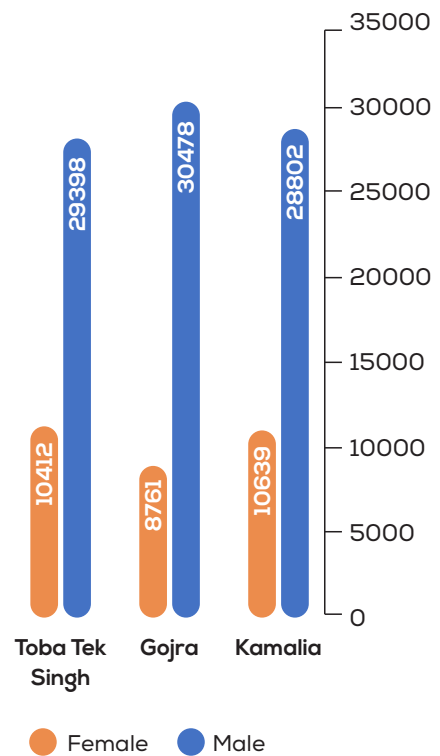


- Toba Tek Singh  
39810 (34%)
- Gojra  
39239 (33%)
- Kamalia  
39111 (33%)



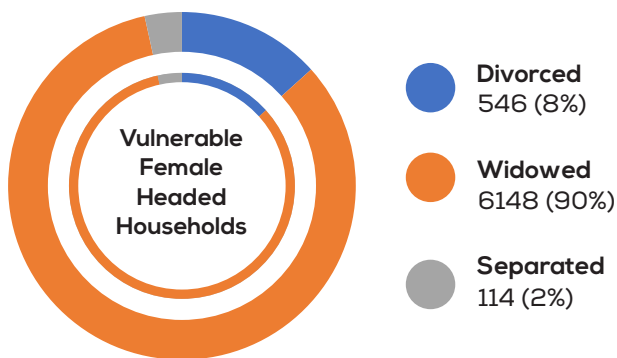
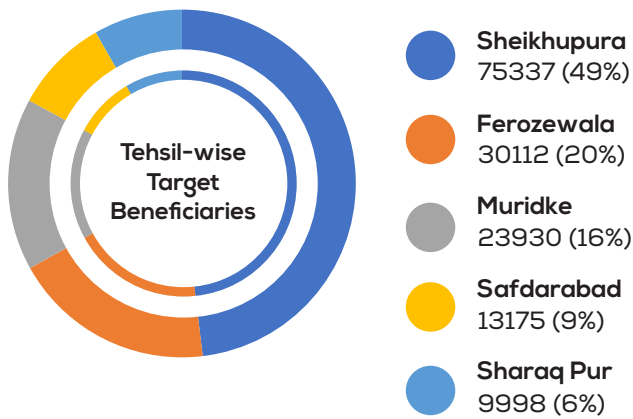
- Divorced  
693 (11%)
- Widowed  
5503 (87%)
- Separated  
142 (2%)

## Gender Wise Target Beneficiaries

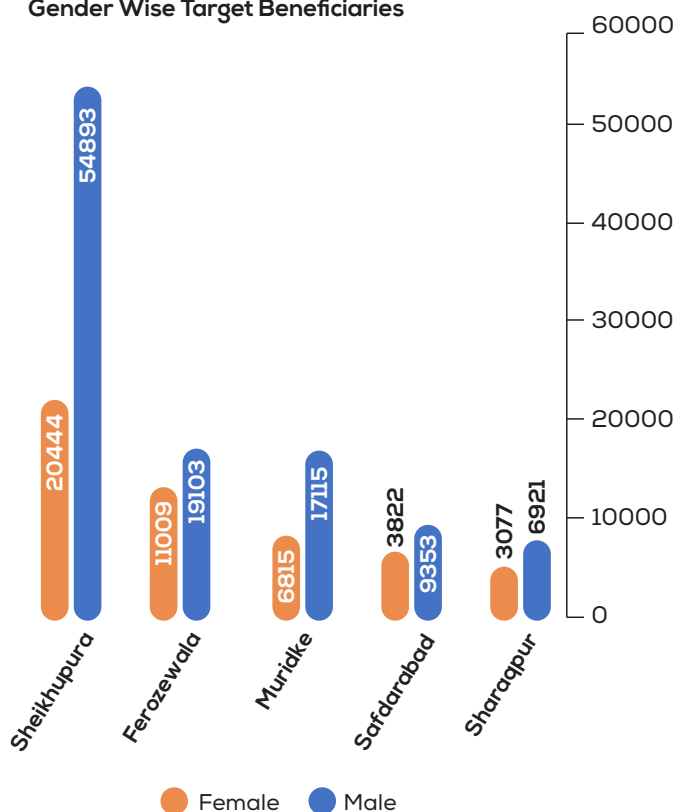




## District Sheikhupura

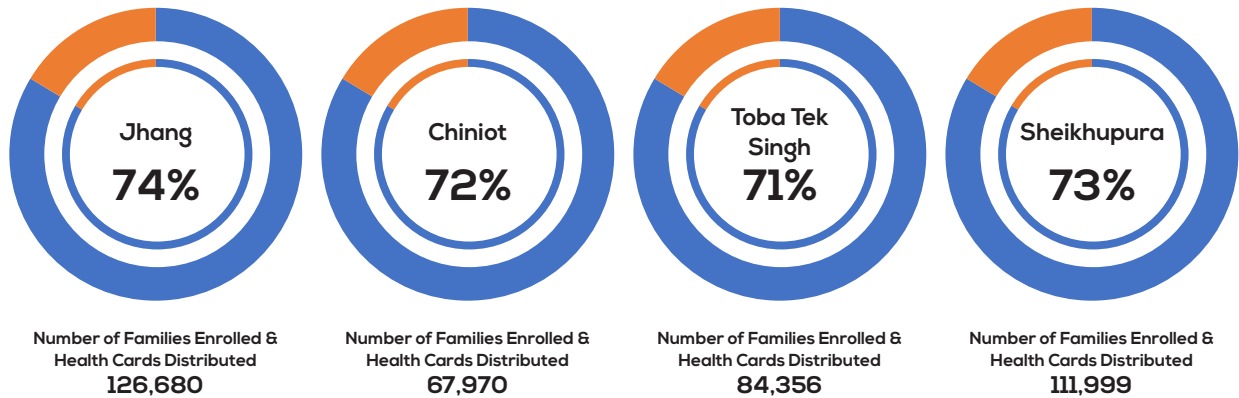


## Gender Wise Target Beneficiaries

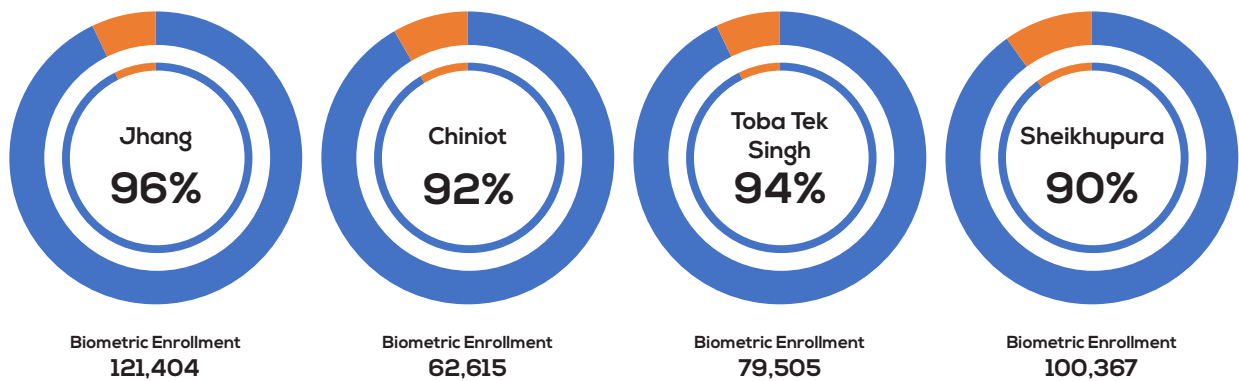


# ACHIEVEMENTS

District-wise % of enrollment completed for District Chiniot, Jhang, Toba Tek Singh and Sheikhupura



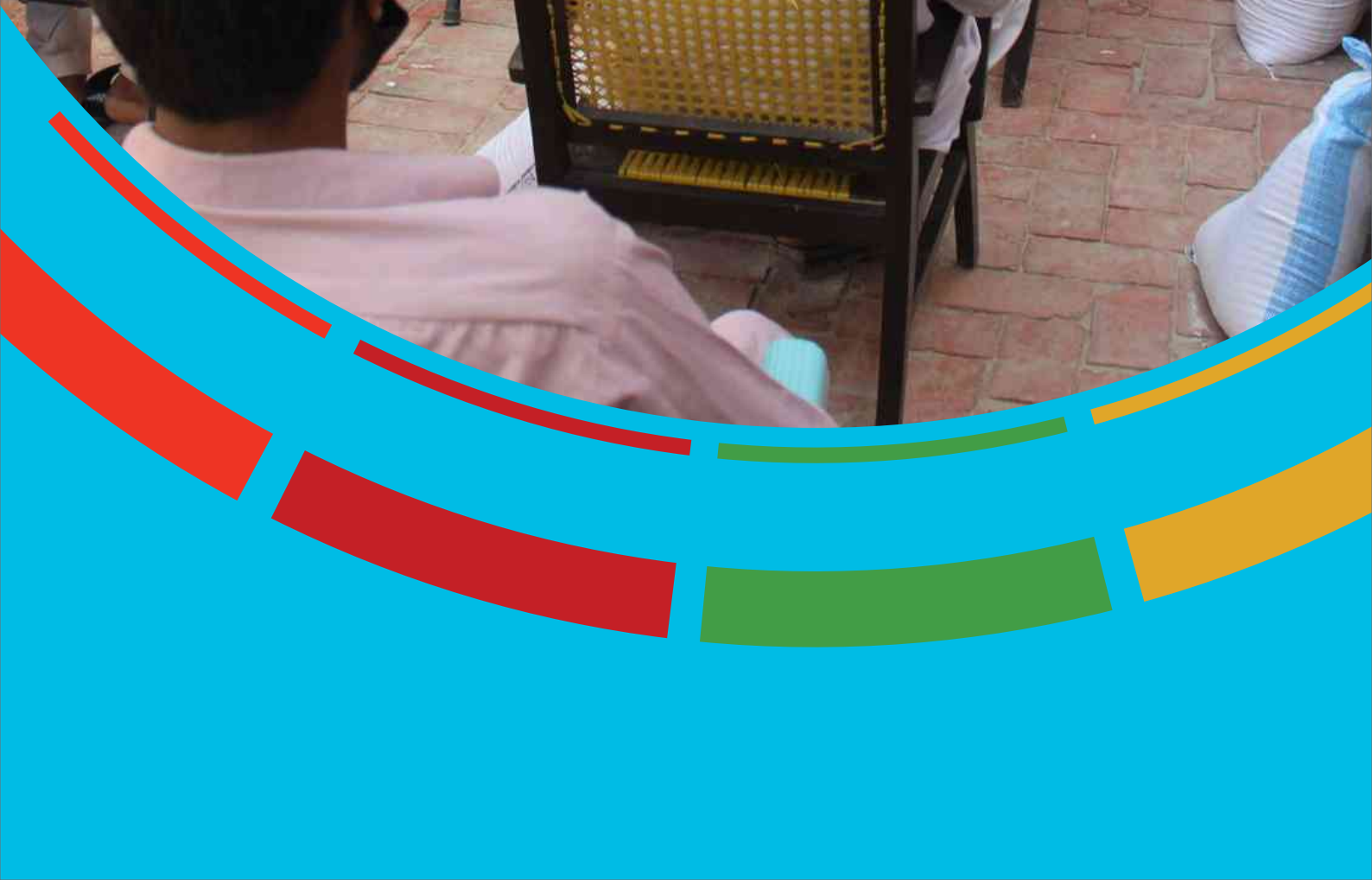
District-wise % of biometric enrollment completed for District Chiniot, Jhang, Toba Tek Singh and Sheikhupura











**DS - Unilever**  
**Partnership**  
**Dry Food And Hygiene**  
**Unilever Pakistan**  
Distribution And Supervision By:  
**Development Societ**  
**ct: Rahim Yar Khan**



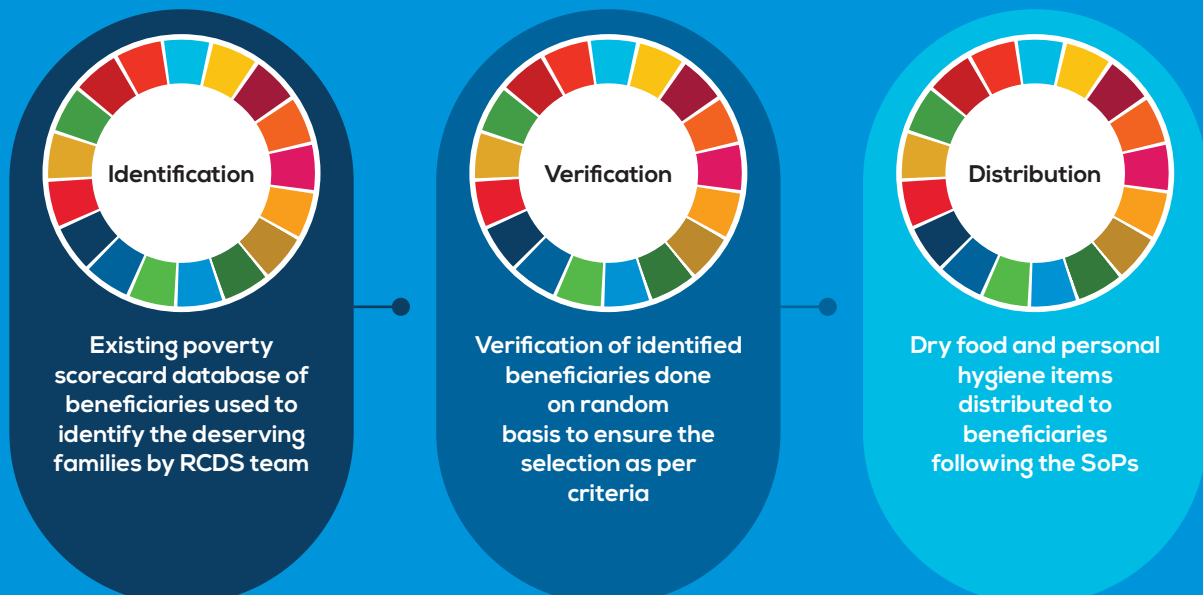
# COVID-19 RESPONSE PROGRAM



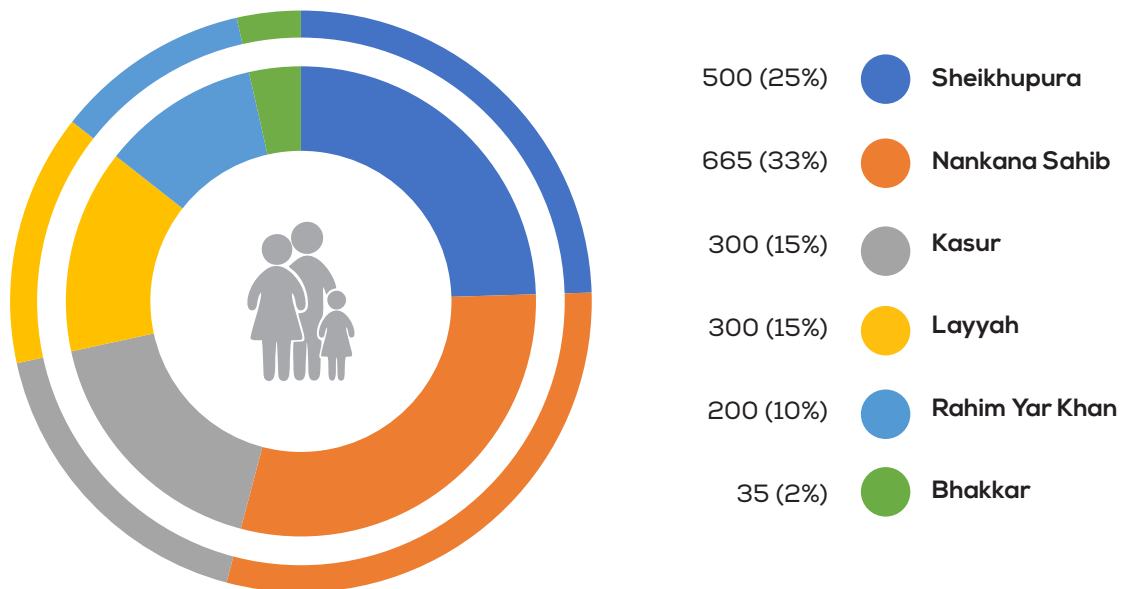


# COVID-19 RESPONSE

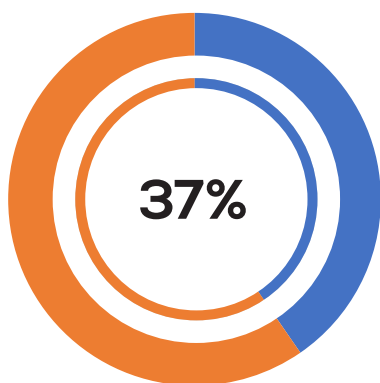
COVID-19 pandemic resulted in enhancing the vulnerability and deprivation of poor households. Daily wagers and workers working in small industries affected due to complete lockdown and their capacity to purchase food and personal hygiene items completely disturbed. In this scenario, Rural Community Development Society provided dry food and personal hygiene items with the support of Unilever Pakistan. Total 2,000 families served and 12,400 people benefitted with the distributed items in 6 districts of Punjab province.



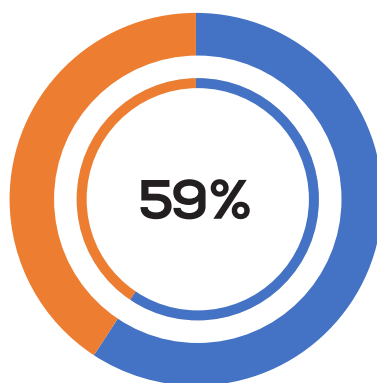
## District-wise Breakup of Beneficiary Families



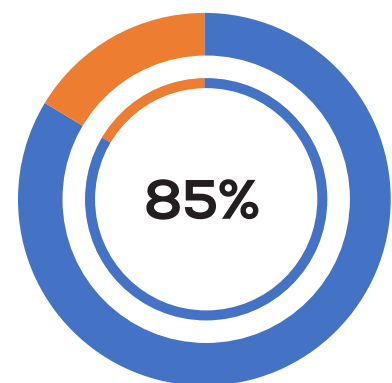
## Some Quick Facts



Women Headed Households  
(widows)



Households having more  
than 6 family members



Households with  
single bread earner

- 1,200 soaps and 16,128 sachets of shampoo distributed among students in 21 girls' primary schools of district Sheikhupura
- Awareness messages passed on to 150 teachers in targeted schools





**RCDS - Unilever**  
**Partnership**  
Distribution Of Dry Food and Hy  
ed By: Unilever  
Distribution And  
Community Development  
District:





## SHAMSHAD BIBI

a widow from Nankana Sahib



**WE ARE GRATEFUL TO UNILEVER  
PAKISTAN AND RCDS FOR PROVIDING US  
THE FOOD AND OTHER ITEMS  
IN THIS DIFFICULT TIME. THE SUPPLIES WILL EASE  
OUR SUFFERING AND WE WILL BE  
ABLE TO SURVIVE IN THIS HARD TIME**







**RUMI**  
**GRAMMAR SCHOOL**

*SAIZABAD CAMPUS*

Real







RUMI GRAMMAR SCHOOL  
Opening Ceremony  
By  
Mr. Ijaz Ahmed Shah  
A Project of:  
RURAL COMMUNITIES DEVELOPMENT SOCIETY (RCDS)

# EDUCATION

PROGRAM



# RUMI GRAMMAR SCHOOL

Prevalence of education is a pre-requisite in dealing with the issues of social intolerance, social injustice and unemployment. Education confirms sound foundation of social equity, awareness, tolerance, self-esteem and cultural vitality.

Yet Pakistan is the second country in the world with the highest number of children who do not go to school. A large number of students who make it to schools, however, drop out by class five. With over 22 million children out of school, most of them girls, it is a massive challenge. Such a large number of

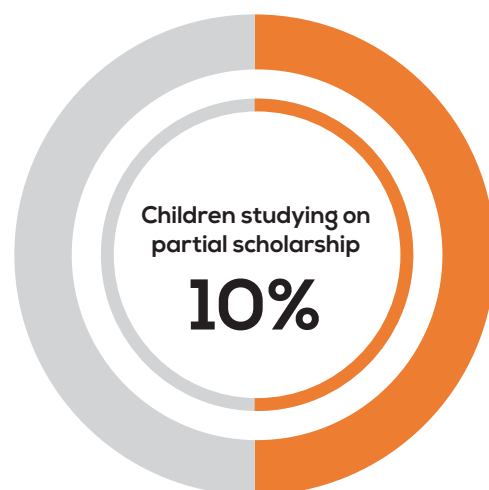
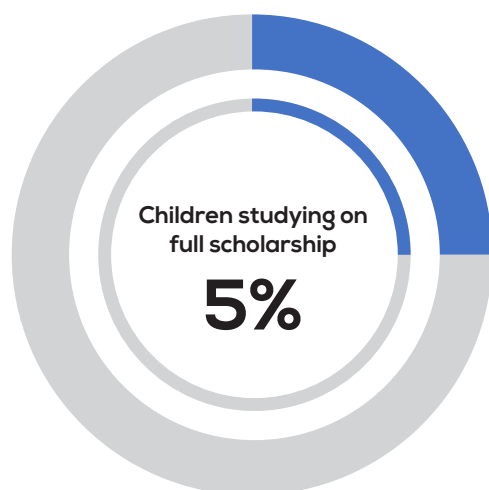
students outside school mean that they are deprived of the opportunity to learn and acquire skills for playing a meaningful role in society.

For increasing the enrolment of out of school children and literacy rate especially girls; RCDS has constructed and started a state-of-the-art school at Mandi Faizabad, district Nankana Sahib.

Following is the detail of enrollment at school as on March 13, 2020 (As lockdown announced by Education Department due to COVID-19)

Class	Boys	Girls	Total Students
Play Group	20	9	29
Nursery	5	1	6
Prep	6	4	10
One	4	7	11
Two	3	6	9
Three	4	7	11
Four	4	3	7
Five	2	1	3
<b>TOTAL</b>	<b>48</b>	<b>38</b>	<b>86</b>

The school has target to increase the enrollment up to 150 students as schools are re-opened by the School Education Department, Government of the Punjab



For improving the cognitive, creative and life skills; different international days and activity-based days celebrated by engaging the students. During the reporting year following days celebrated by the school management:

- Teacher's Day
- Spring Festival
- Color's Day
- Birthday Celebrations

Parent-Teachers Meeting is a regular activity done for maximum engagement of parents for quality education and feedback mechanism







# HEALTH PROGRAM





# NADEEM WELFARE HOSPITAL

Pakistan is in the midst of a critical health crisis, facing challenges on multiple fronts – communicable and non-communicable diseases, an exploding population, limited access to quality healthcare facilities, particularly for women and rural communities. Unsurprisingly, the burden of disease and ill-health sits heaviest upon the poor, where the cycle of poverty prevents families from knowing when and how to seek treatment.

Most common and lethal diseases in Pakistan include acute respiratory infection (ARI), malaria, diarrhea, dysentery, scabies, hepatitis and tuberculosis.

Thousands of children die every year from diseases that are preventable. Child health in Pakistan has become the most important national priority that

needs serious attention. Child mortality in Pakistan is a major cause of concern, with one among 10 children dying before reaching the age of five and one among 30, just after they are born.

One child dies every minute from tuberculosis, poliomyelitis, diphtheria, pertussis, tetanus, Hepatitis B, Haemophilus influenza type B, neonatal tetanus and measles.

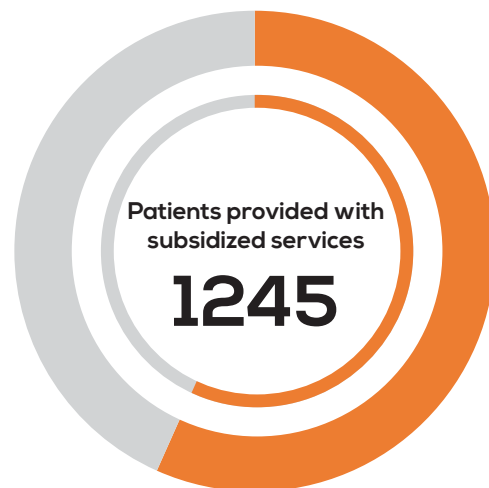
Maternal, neo-natal and child healthcare statistics in Pakistan are some of the poorest in the region.

To contribute back in communities and achieve the good health and well-being of people; RCDS is managing and running a free hospital at Mandi Faizabad in district Nankana Sahib through its own resources



Number and type of patients got treatment at Nadeem Welfare Hospital during 2019-20

Month	General Patient	Gynae Patients	Ultrasounds Patient	Lab	PCR Tests	C/Section	Normal Delivery	Free Patients	Total Patients
July 2020	415	90	75	38	-	2	8	50	678
August 2019	375	83	68	40	1	1	6	65	639
Sep 2019	400	65	50	35	5	4	5	60	624
Oct 2019	340	70	53	45	2	1	7	62	580
Nov 2019	278	75	55	44	3	3	2	70	530
Dec 2019	310	113	83	53	2	9	5	35	610
Jan 2020	274	94	74	58	4	3	2	55	564
Feb 2020	357	90	58	105	5	10	5	45	675
Mar 2020	304	155	88	107	8	5	5	80	752
April 2020	349	189	101	89	6	8	7	88	837
May 2020	398	178	129	111	7	9	6	92	930
June 2020	418	192	98	95	6	10	8	72	899
<b>TOTAL</b>	<b>4,218</b>	<b>1,394</b>	<b>932</b>	<b>820</b>	<b>49</b>	<b>65</b>	<b>66</b>	<b>774</b>	<b>8,318</b>



It is pertinent to mention that Nadeem Welfare Hospital has processed the registration with Punjab Healthcare Commission, Government of the Punjab

Management of Nadeem Welfare Hospital is striving for achievement the financial self-sustainability by 2022 and have taken necessary steps for making it a social enterprise by meeting all the operational expenses

[illegible]



# INSTITUTIONS & INTEGRATION PROGRAM





# INSTITUTIONS & INTEGRATION

Community Livelihood Fund of PKR 1,000,000 provided as capital amount to Thal Ittehad Development Organization (Local Support Organization) in 2015 under Institutional Strengthening Program of Pakistan Poverty Alleviation Fund. This revolving amount is being managed effectively by Loan Centre of Thal Ittehad Development Organization and this year 110 loans amounting 2,200,000 disbursed among the clients

by following the criteria and proper appraisal. Recovery rate is 100% for the disbursed loans and recovery is being collected by the staff of Loan Centre as per schedule from the clients.

This initiative is live example of institutional strengthening, sustainability of local institutions and localization of Sustainable Development Goals (Contribution to SDG 1 : No Poverty)

## Sector-wise Disbursement of Loans



16 (15%) ● Agriculture

74 (67%) ● Livestock

20 (18%) ● SME

## Gender-wise Disbursement of Loans



32 (29%) ● Male

78 (71%) ● Female









# **DIGITAL HUB**

PROGRAM



# DIGITAL HUB

Digital Hub is providing the services related to digitalization at the doorstep in the targeted communities.

These were provided under the innovation grants of Pakistan Poverty Alleviation Fund in Union Council Aulakh Thal Kalan of District Layyah.

The digital hub also providing the source of earning to the Local Support Organization that is one of the success factors for the sustainability of the local institution. Besides that, local level employment generated by Thal Ittehad Development Organization and playing its pivotal role for poverty reeducation at the grassroots level.

Description of Service	Male Beneficiaries	Female Beneficiaries	Total Beneficiaries	Income from Service
Photocopy	840	1,180	2,020	15,890
Developing the pictures	210	460	670	18,420
Services for result and admission	155	35	190	5,240
CV Making	110	45	155	2,890
Facilitation for online job	130	60	190	3,200
Online purchasing	42	28	70	42,000
Basic Computer Education	25	15	40	11,500
Electricity Bills Deposit Facility	50	70	120	4,100
Online sale/ Miscellaneous	21	8	29	23,000
<b>TOTAL</b>	<b>1,583</b>	<b>1,901</b>	<b>3,484</b>	<b>126,240</b>





# OUR VALUED **PARTNERS**





# Audit







# AUDIT REPORT

A member firm of



**RAFAQAT MANSHA  
MOHSIN DOSSANI  
MASOOM & CO.**  
Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Management Committee

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **RURAL COMMUNITY DEVELOPMENT SOCIETY ('the Society')**, which comprise the statement of financial position as at June 30, 2020, and the statement of income and expenditure, statement of changes in funds and statement of cashflows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements gives true and fair view of the financial position of the Society as at June 30, 2020, and of its Surplus, its cash flows and statement of changes in funds for the year then ended in accordance with approved accounting and reporting as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Responsibilities of Management and Those Charged with Governance for the Financial Statements The Management Committee 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 controls the Management Committee 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 Committee 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.

Those charged with governance are responsible for overseeing the Society financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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Telephone: 042-35408708-9 Fax: 042-35408710  
E-mail: rmdmlhr@hotmail.com, Website: www.rmdm.com.pk  
Other Office at:  
Karachi, Islamabad, Peshawar

A member firm of



**RAFAQAT MANSHA  
MOHSIN DOSSANI  
MASOOM & CO.**  
Chartered Accountants

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's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Engagement Partner: **Mohsin Nadeem, (FCA)**

Rafaqat Mansha Mohsin Dossani Masoom & CO.  
Chartered Accountants



Date: September 26, 2020  
Lahore, Pakistan

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**RURAL COMMUNITY DEVELOPMENT SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>FUNDS AND LIABILITIES</b>			
General Funds		142,188,444	162,339,950
		<u>142,188,444</u>	<u>162,339,950</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred Income	4	3,500,311	4,298,160
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	12,377,271	3,456,093
		<u>158,066,026</u>	<u>170,094,202</u>
<b>ASSETS</b>			
Property, plant and equipment	6	76,671,346	58,569,573
Capital work in progress		-	13,356,406
Long Term Investment	7	22,378	65,022,378
<b>CURRENT ASSETS</b>			
Advances, prepayments and other receivables	8	6,302,910	7,719,606
Grant Receivable	9	17,211,913	-
Current Portion of Long Term Investment	10	30,000,000	-
Advance income tax		24,018,549	23,606,548
Cash and bank balances	11	3,838,930	1,819,691
		<u>158,066,026</u>	<u>170,094,202</u>

The annexed notes (1-21) form an integral part of these financial statements.

  
**CHAIRMAN**

  
**MANAGING DIRECTOR**

**RURAL COMMUNITY DEVELOPMENT SOCIETY  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>Revenue</b>			
Profit on bank deposits		427,106	1,026,574
Other Income	12	6,203,564	8,533,528
Deffered grants amortized	13	57,866,779	22,887,961
		<u>64,497,449</u>	<u>32,448,063</u>
 <b>Operating expenses</b>	 14	 84,648,954	 27,379,994
 <b>Net (deficit) / Surplus for the year</b>		 <u>(20,151,506)</u>	 <u>5,068,068</u>
 Discontinued operations			
Surplus from discontinued operations			
<b>Net (deficit) / Surplus for the year</b>		<u>(20,151,506)</u>	<u>5,068,068</u>

The annexed notes (1-21) form an integral part of these financial statements.

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CHAIRMAN

  
MANAGING DIRECTOR

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**RURAL COMMUNITY DEVELOPMENT SOCIETY  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Endowment Funds	General Funds	Total Funds
	Rupees	Rupees	Rupees
Total as at June 30, 2018	-	157,271,881	157,271,881
Net Surplus for the year ended	-	5,068,068	5,068,068
Total as at June 30, 2019	-	162,339,950	162,339,950
Net Surplus for the year ended	-	(20,151,506)	(20,151,506)
Total as at June 30, 2020	-	142,188,444	142,188,444

The annexed notes (1-21) form an integral part of these financial statements.

  
CHAIRMAN

  
MANAGING DIRECTOR

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**RURAL COMMUNITY DEVELOPMENT SOCIETY  
STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED JUNE 2020**

	2020 Rupees	2019 Rupees
<b>CASH GENERATED FROM OPERATIONS</b>		
Excess / (Shortfall) of income over expenditure	(20,151,506)	5,068,068
Surplus from discontinued operations		
<b>Adjustment for non cash items and other charges</b>		
Depreciation on property, plant and equipment	4,377,122	2,696,098
Deffered Income Ammortize	(57,866,779)	(22,887,961)
Gain on sale of fixed assets	-	(3,026,237)
	<u>(53,489,657)</u>	<u>(23,218,100)</u>
Net cash flows before working capital changes	(73,641,163)	(18,150,032)
<b>Profit before working capital changes</b>	(73,641,163)	(18,150,032)
<b>Working capital changes</b>		
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	8,921,178	1,419,616
Decrease in finance cost payable		
Advances, prepayments and other receivables	1,004,695	3,441,060
	<u>9,925,873</u>	<u>4,860,676</u>
<b>Net cash (used in) operating activities</b>	(63,715,290)	(13,289,356)
<b>Cash flow from investing activities</b>		
Additions in fixed assets	(10,025,943)	(15,783,576)
Sale proceed of fixed assets	903,453	4,190,786
Capitla work in progress	-	(13,356,406)
Long term loan extended to RCDP	35,000,000	-
Sale proceeds through transfer of assets to RCDP		
Net cash generated from investing activities	25,877,510	(24,949,196)
<b>Cash flow from financing activities</b>		
Deferred income	39,857,017	16,217,206
Net cash generated from financing activities	<u>39,857,017</u>	<u>16,217,206</u>
<b>Net increase in cash and cash equivalents</b>	2,019,238	(22,021,346)
<b>Cash and cash equivalents at the beginning of the year</b>	1,819,691	23,841,036
<b>Cash and cash equivalents at the end of the year</b>	<u><u>3,838,929</u></u>	<u><u>1,819,691</u></u>

The annexed notes (1-21) form an integral part of these financial statements.

  
CHAIRMAN

  
MANAGING DIRECTOR

**RURAL COMMUNITY DEVELOPMENT SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

RURAL COMMUNITY DEVELOPMENT SOCIETY was registered under the Societies Registration Act, 1860. It shall be a non-religious, non political and non-governmental organization working for the empowerment and capacity building of the youth by promoting peace, tolerance, mutual understanding and non-violence amongst nations and religious. The registered office of the Trust is situated at D-4, Phase 2, Al-Rehman Garden, Sharaqpur Sharif Road, Lahore, Pakistan.

**2. 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 Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB).

- Provisions of and directives issued under ICAP.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

**3.2 Significant Accounting Estimates and Judgments**

The preparation of financial statements in conformity with the Financial reporting guidelines for NGOs/ NPOs engaged in microfinance issued by the Institute Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and provisions for doubtful receivables. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amount of assets and liabilities in the next year.

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### 3.3 Revenue

Revenue is recognized to the extent that the economic benefits will flow to the entity and revenue can be reliably measured. Revenue from different sources is recognized on the following basis:

### 3.4 Borrowings

Loans and borrowings are recorded on the cash basis. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Financial charges are accounted for on accrual basis and are included in current liabilities to the extent of amount remaining unpaid, if any.

### 3.5 Taxation

The income of the organization is exempt from the levy of tax under clause (c) of sub-section 36 of section 2 of the Income Tax Ordinance, 2001. Accordingly, no provisions for taxation has been made in the financial statements.

### 3.6 Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequently, property, plant and equipment are stated at cost less accumulated depreciation and any identifiable impairment loss. Subsequent costs are included in the asset's carrying amount or recognized as a separate cost, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the organization and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income statement during the year in which they are incurred.

Depreciation is charged to the Income and Expenditure account on reducing balance method by applying the depreciation rates as disclosed in **Note 6** so as to write off the depreciable amount of assets over their estimated useful lives. Depreciation on additions is charged from the month the asset is available for use, while no depreciation is charged in the month in which the asset is disposed off.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of assets (calculated as the difference between the net disposal proceed and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

The assets' residual values and estimated useful lives are reviewed at least at each balance sheet date and impact on depreciation is adjusted, if significant.

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### 3.7 Recognition of grants

Grants received for capital expenditure are presented in the balance sheet as "Deferred Income" that is recognized as income in line with depreciation charged on respective assets over the useful life of the assets.

Grants received for revenue expenditure are recognized as grant income as per terms of agreement with donors.

### 3.8 Trade and other payables

Trade and other payables are stated at cost which is the fair value of consideration to be paid in the future for goods and services.

### 3.9 Advances, prepayments and other receivables

These are stated at their nominal values net of any allowance for uncollectable amounts. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

### 3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For purpose of cash flow statement, cash and cash equivalents include cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

### 3.11 Provisions

Provisions are recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflected the current best estimate.

### 3.12 Use of Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are below:

- Operating fixed assets - Tangible and intangible
- Micro credit loan portfolio
- Advances, prepayments and other receivables
- Creditors, accrued and other liabilities

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	Note	2020 RUPEES	2019 RUPEES
<b>4. DEFERRED INCOME</b>			
Opening Balance		4,298,160	10,968,915
Add: Cash received from donors		39,857,017	16,217,206
Less: Amortization of grants		(57,866,779)	(22,887,961)
Add: Grant Receivable		17,211,913	
		<u>3,500,311</u>	<u>4,298,160</u>
<b>5. TRADE AND OTHER PAYABLES</b>			
Withholding tax payable		8,727	5,527
Staff saving payables		1,863,587	900,468
Accrued expenses		8,848,467	1,188,445
Payable to RCDP		1,345,696	1,232,561
Other payables		310,794	129,092
		<u>12,377,271</u>	<u>3,456,093</u>
<b>7. LONG TERM INVESTMENT</b>			
Loan to RCDP-related party		30,000,000	65,000,000
Less: current Portion of Loan to RCDP		(30,000,000)	-
		-	65,000,000
Investment in EFU saving plans		22,378	22,378
		<u>22,378</u>	<u>65,022,378</u>
<b>8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
Advance to staff against salaries		215,000	227,000
Advance to staff against expenses		-	9,697
Advance against the purchase of Land		-	-
Advance against the purchase of Agri Machinery		2,000,000	2,000,000
Unadjustable advance		257,000	157,000
Security to Statelife against health card program		2,432,277	3,665,022
Receivable from Rural Community Development Pro		1,104,196	672,882
Other Receivables		294,437	988,005
		<u>6,302,910</u>	<u>7,719,606</u>
<b>9. GRANT RECEIVABLE</b>			
PSDF		11,282,994	-
Statelife		5,928,919	-
		<u>17,211,913</u>	<u>-</u>
<b>10. CURRENT PORTION OF LONG TERM INVESTMENT</b>			
Current Portion of Loan Term Investment		30,000,000	-
		<u>30,000,000</u>	<u>-</u>

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**6 RURAL COMMUNITY DEVELOPMENT SOCIETY**  
**WORKING OF DEPRECIATION FOR THE YEAR - 2020**  
 Operating fixed assets

P A R T I C U L A R S	C O S T				Rate %	D E P R E C I A T I O N				Written down value as at 30.06.2020
	As at 01.07.2019	Addition	Disposal	As at 30.06.2020		As at 01.07.2019	For the period	Disposal	As at 30.06.2020	
	A	B	C	(A+B+C+D+E)	F	G	M	H	(G+M+H+N)	(E-N=0)
Land - freehold	26,837,919	-	-	26,837,919	-	-	-	-	-	26,837,919
Buildings on freehold land	10,643,411	18,211,155	-	28,854,566	5	1,819,682	987,811	-	2,807,493	26,047,073
Furniture and fixture	1,312,327	4,704,471	(735,298)	5,281,500	10	504,369	291,696	(432,949)	363,116	4,918,384
Other Equipments	278,975	-	(278,975)	-	10	159,978	-	(159,978)	0	(0)
Vehicles	17,957,929	-	(400,999)	17,556,930	20	9,574,540	1,663,497	(335,097)	10,902,940	6,653,990
Office Equipments	2,241,652	466,723	(1,788,711)	919,664	30	1,945,296	118,039	(1,620,458)	442,877	476,787
Agri Equipments	16,048,783	-	-	16,048,783	30	3,049,268	1,299,951	-	4,349,220	11,699,563
Health equipments	2,779,600	-	(540,600)	2,239,000	30	2,541,385	16,128	(356,143)	2,201,369	37,631
Water testing equipments	232,900	-	(232,900)	-	10	169,405	-	(169,405)	0	(0)
Rupees 2020	78,333,496	23,382,349	(3,977,483)	97,738,362		19,763,923	4,377,122	(3,074,030)	21,067,016	76,671,346

P A R T I C U L A R S	C O S T				Rate %	D E P R E C I A T I O N				Written down value as at 30.06.2019
	As at 01.07.2018	Addition	Disposal	As at 30.06.2019		For the period	Disposal	As at 30.06.2019		
	A	B	C	(A+B+C+D=E)	F	G	H	(G+M+N)	(E-N=O)	
Land - freehold	16,541,272	10,296,647	-	26,837,919	-	-	-	-	26,837,919	
Buildings on freehold land	10,643,411	-	-	10,643,411	5	1,355,275	464,407	-	8,823,729	
Furniture and fixture	938,505	373,822	-	1,312,327	10	428,441	75,928	-	807,958	
Other Equipments	278,975	-	-	278,975	10	146,756	13,222	-	118,997	
Vehicles	19,215,859	4,805,070	(6,063,000)	17,957,929	20	13,968,603	504,389	(4,898,451)	8,383,389	
Office Equipments	2,160,186	81,466	-	2,241,652	30	1,832,834	112,462	-	296,356	
Agri Equipments	16,048,783	-	-	16,048,783	30	1,604,878	1,444,390	-	12,999,515	
Health equipments	2,553,029	226,571	-	2,779,600	30	2,467,139	74,246	-	238,215	
Water testing equipments	232,900	-	-	232,900	10	162,350	7,055	-	63,495	
Rupees 2019	68,612,920	15,783,576	(6,063,000)	78,333,496		21,966,276	2,696,098	(4,898,451)	58,569,573	



		2020 RUPEES	2019 RUPEES
<b>11. CASH AND BANK BALANCES</b>	<b>Note</b>		
Cash in hand		158,766	56,136
Cash at bank			
-Current account		231,247	179,161
-Saving Account		3,448,917	1,584,394
		<u>3,838,930</u>	<u>1,819,691</u>
<b>12. OPERATING INCOME</b>			
Profit on sale of vehicle		-	3,026,237
Rental Income		5,963,130	5,447,205
School Fee Income		240,410	-
Cash received against fee based clients		-	-
RCDP Contribution		-	-
Exchange Gain		-	52,086
Other Income		24	8,000
		<u>6,203,564</u>	<u>8,533,528</u>
<b>13. DEFERRED GRANTS AMORTIZED</b>			
Less: Amortization of grants	4	57,866,779	22,887,961
		<u>57,866,779</u>	<u>22,887,961</u>
<b>14. OPERATING EXPENSES</b>			
Managing director's salary and benefits		2,814,960	2,390,000
Salaries and other benefits		33,487,066	9,032,694
Project and Allied Expenses		623,857	4,765,000
Training Expenses		3,097,176	1,996,432
Office Rent		14,332,874	781,947
Printing and stationary		15,253,523	1,752,073
Petrol and Maintenance		1,791,107	936,826
Utilities		87,579	366,365
Communication and Courier		1,104,051	281,103
Depreciation	6	4,377,122	2,696,098
Office Supplies		4,230,232	1,034,450
Audit Fee		120,000	108,889
Legal aid Expenses		-	2,800
Travelling Expenses		65,730	58,207
Registration Expenses		43,448	66,485
Bank Charges		374,942	21,000
Consultancy		1,891,200	741,564
Donation		10,000	298,736
Loss on sale of vehicles		839,864	-
Others		104,223	49,325
		<u>84,648,954</u>	<u>27,379,994</u>

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**15. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

15.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the full time working directors and executives/managing director (appointed by the directors) of the Company is as follows:

2020			
	Chairman	Chief Executive	Managing Director (Employee)
Managerial remuneration	-	-	2,428,800
Allowances and other benefits	-	-	386,160
	-	-	2,814,960
Number of persons	-	-	1

2019			
	Chairman	Chief Executive	Managing Director (Employee)
Managerial remuneration	-	-	2,390,000
Allowances and other benefits	-	-	-
	-	-	2,390,000
Number of persons	-	-	1

**16. NUMBER OF EMPLOYEES**

The number of employees of the company including permanent and contractual as at June 30, 2020 were 38 (2019: 31).

**17. RELATED PARTY TRANSACTIONS**

The related parties comprise subsidiaries, associated undertakings, post employment benefit plans, other related companies, and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payable respectively. Other significant transactions with related parties are as follows:-

Name of related party	Nature of transaction	2020	2019
		-----RUPEES-----	
Rural Community Development Prog	Loan provided	30,000,000	65,000,000
	Rental Income	5,963,130	5,447,205

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**18. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

A novel strain of Coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in overall economic slowdown, disruptions to various business and significant volatility in Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stakeholder. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

**18. DATE OF AUTHORIZATION FOR ISSUE**

These Financial Statements have been authorised for issue by Board of Trustees' on September 26, 2020

**19. EVENTS AFTER THE BALANCE SHEET DATE**

There are no reportable subsequent events occurring after the balance sheet date.

**20. GENERAL**

- Corresponding figures have been reclassified wherever necessary for the purpose of better comparison, however no material reclassification has been done.
- Figures in these financial statements have been rounded off to the nearest rupee.

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CHAIRMAN



MANAGING DIRECTOR

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## Rural Community Development Society

**Registered Office:** Bholay Shah Bazar Mandi Faizabad  
Tehsil & District Nankana Sahib. Ph: 056-2882050

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