

Sindh Irrigation and Drainage Authority

Financial Statements
for the year ended June 30, 2020

INDEPENDENT AUDITORS' REPORT

TO THE SINDH IRRIGATION AND DRAINAGE AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of **Sindh Irrigation And Drainage Authority (the Authority)**, which comprise of the statement of financial position as at June 30, 2020, and the related income and expenditure account, statement of changes in accumulated surplus and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis For Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the statement of financial position of the Authority as at June 30, 2020, and of its income and expenditure, changes in accumulated surplus and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

The Authority's operations are funded by the Government of Sindh (GoS), and as such, the Authority does not have an independent source of income. The funding is received under an advance payment model, i.e. the GoS pays for the expected expenditures to be incurred during the quarter in advance. However, for the quarter ended June 30, 2019, funds amounting to Rs. 21.3 million were not received and the Authority decided to obtain a short-term loan from Area Water Boards (AWBs) amounting to Rs. 20.8 million as disclosed in note 9.5 to the financial statements to pay off its quarterly expenses. GoS has not disbursed any funds during the year to pay off this liability and the Authority does not have any available means of repayment as at June 30, 2020 and no means of repayment have been arranged till the date of our report.

The facts as stated above reflect that the Authority will not be able to discharge its liability in the ordinary course of business.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements of our report. We are independent of the Authority and complied with ethical requirements in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Pakistan (ICAP Code), and we have fulfilled our other ethical responsibilities in accordance with the ICAP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of financial statements of the Authority, we have been advised by management that there is no other information that is attached by them along with the financial statements and our auditor's report thereon, therefore we have nothing to report in this regard.

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 approved accounting and reporting standards as applicable in Pakistan, 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 Authority'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 Authority or to cease operations, or have no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Authority's financial reporting process.

Auditors' 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 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, 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 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 Authority'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 Authority 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 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.

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


Chartered Accountants

Place: Karachi

Date: 21 JAN 2022

**SINDH IRRIGATION AND DRAINAGE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

		June 30 2020	June 30 2019
	Note	———— (Rupees in '000) ————	
ASSETS			
Non current asset			
Property and equipment	4	8,831	14,030
Current assets			
Advance, deposit, prepayment and other receivables	5	9,007	8,452
Balances with banks	6	350,404	653,251
		359,411	661,703
Total assets		368,242	675,733
FUND AND LIABILITIES			
Fund			
Accumulated deficit		(22,344)	(21,661)
Liabilities			
Non current liability			
Gratuity payable to employees	7	8,408	7,081
Current liabilities			
Funds from donor agencies and governments for specific projects - net	8	287,366	109,375
Creditors, accrued and other liabilities	9	94,812	580,938
Provision for taxation		-	-
		382,178	690,313
		368,242	675,733
Contingencies and commitments	10		

The annexed notes from 1 to 16 form an integral part of these financial statements.


Managing Director


Member SIDA Board


General Manager Finance

**SINDH IRRIGATION AND DRAINAGE AUTHORITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2020**

Note	June 30 2020	June 30 2019
	----- (Rupees in '000) -----	
Grant from donor		
Grants received from the Government of Sindh - non project	112,617	73,996
Non-project expenditure - from Government grant		
Salaries and allowances	112,015	93,009
Provision for gratuity	1,327	1,398
Telephone and postage	-	490
Travelling and conveyance	-	380
Printing and stationery	-	60
	<u>(113,342)</u>	<u>(95,337)</u>
Deficit during the year	(725)	(21,341)
Other income		
Profit on savings accounts	46	317
Deficit before taxation for the year	<u>(679)</u>	<u>(21,024)</u>
Taxation	5.1 (4)	(16,098)
Deficit after taxation for the year	<u>(683)</u>	<u>(37,122)</u>
Other comprehensive income for the year	-	-
Comprehensive income for the year	<u><u>(683)</u></u>	<u><u>(37,122)</u></u>

The annexed notes from 1 to 16 form an integral part of these financial statements.

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Managing Director

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Member SIDA Board

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General Manager Finance

SINDH IRRIGATION AND DRAINAGE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30 2020	June 30 2019
	(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before taxation	(679)	(21,024)
Adjustment for non-cash items		
Depreciation	5,349	5,689
Provision for gratuity	1,327	1,398
Working capital changes		
Decrease in current assets		
Advance, deposit and other receivables	(555)	(276)
Decrease in current liability		
Creditors, accrued and other liabilities	(468,401)	(254,556)
	(462,959)	(268,769)
Taxes paid	(17,729)	(40,908)
Net cash used in operating activities	(480,688)	(309,677)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property and equipment	(151)	(1,095)
Net cash used in investing activities	(151)	(1,095)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received from donor agencies and governments for specific projects - net	751,311	4,537,524
Costs incurred on specific projects	(596,705)	(4,272,049)
Advances utilized for specific projects	23,386	185,734
Net cash generated from financing activities	177,992	451,209
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(302,847)	140,437
Cash and cash equivalents as on July 01	653,251	512,815
Cash and cash equivalents as on June 30	350,404	653,251

The annexed notes from 1 to 16 form an integral part of these financial statements.

Managing Director

Member SIDA Board

General Manager Finance