

Sindh Irrigation and Drainage Authority

Financial Statements
For the year ended June 30, 2019

INDEPENDENT AUDITORS' REPORT

To The Sindh Irrigation and Drainage Authority

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, 2019, 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, 2019, and of its income and expenditure, changes in accumulated surplus and its cash flows for the year then ended in accordance with approved accounting 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 10 of the financial statements to pay off its quarterly expenses. Resultantly, the Authority has a liability of Rs. 20.8 million for which there are no available means of repayment. The Authority has applied for the funds which have not been received to date. However, the Authority has received funds for subsequent quarters, i.e. from July 2019 to June 2020.

The facts as stated above reflect that the Authority will not be able to discharge its liabilities 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.

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.

Deloitte Yousuf Adil
Chartered Accountants


Date: 26 OCT 2020
Place: Karachi

SINDH IRRIGATION AND DRAINAGE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

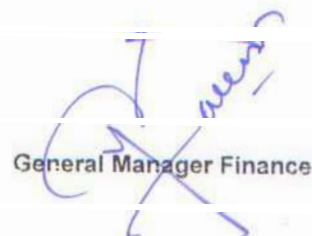
	Note	2019 ------(Rupees in '000)-----	2018
ASSETS			
Non current asset			
Property and equipment	4	14,030	18,624
Current assets			
Advance, deposits and other receivables	5	8,163	22,832
Prepayments	6	209	1,110
Receivable from donor agencies and the government	7	-	341,834
Balances with banks	8	653,251	512,815
		661,703	878,891
Total assets		675,733	897,515
FUND AND LIABILITIES			
Fund			
Accumulated deficit / (surplus)		(21,001)	10,401
Liabilities			
Non current liability			
Gratuity payable to employees		7,081	5,683
Current liabilities			
Funds from donor agencies and governments for specific projects - net	9	109,375	-
Creditors, accrued and other liabilities	10	580,938	876,370
		690,313	876,370
		675,733	897,515
Contingencies and commitments			
	11		

The annexed notes from 1 to 17 form an integral part of these financial statements.

BHA


Managing Director


Member SIDA Board


General Manager Finance

SINDH IRRIGATION AND DRAINAGE AUTHORITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

2019 2018
 ----- (Rupees in '000) -----

Grant from donor

Grants received from the Government of Sindh - non project

73,996 98,661

non-project expenditure - from Government grant

Salaries and allowances

93,009 95,480

Provision for gratuity

1,330 1,330

Telephone and postage

490 191

Travelling and conveyance

380 1,562

Printing and stationery

50 70

Others

- 20

(95,337) (98,661)

(Deficit) / surplus during the year

(21,341) -

Other income

Profit on savings accounts

317 543

Income on reversal of liability

- 1,175

(Deficit) / surplus before taxation

(21,024) 8,316

Taxation

5.1 (16,098) (54)

(Deficit) / surplus after taxation

(37,122) 8,262

Other comprehensive income for the year

- -

Comprehensive income for the year


(37,122) 8,262

The annexed notes from 1 to 17 form an integral part of these financial statements.

V/A


 Managing Director


 Member SIDA Board


 General Manager Finance

SINDH IRRIGATION AND DRAINAGE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 ----- (Rupees in '000) -----	2018 ----- (Rupees in '000) -----
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / surplus before taxation	(21,024)	8,316
Adjustment for non-cash items		
Depreciation	5,689	3,568
Provision for gratuity	1,398	1,359
Provision no longer required written off	-	(21,960)
Working capital changes		
(Increase) / decrease in current assets		
Advances, deposit and other receivables	14,669	2,639
Prepayments	1,121	63,365
	15,790	66,004
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(267,343)	649,728
	(265,490)	707,015
Taxes paid	(44,188)	(69,060)
Net cash (used in) / generated from operating activities	(309,678)	637,955
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property and equipment	(1,095)	(10,947)
Net cash used in investing activities	(1,095)	(10,947)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received from donor agencies and governments for specific projects - net	4,537,524	3,357,614
Costs incurred on specific projects	(4,272,049)	(4,547,606)
Advances utilized for specific projects	185,734	686,011
Net cash generated from / (used in) financing activities	451,209	(503,981)
Net increase in cash and cash equivalents (A+B+C)	140,436	123,027
Cash and cash equivalents as on July 01	512,815	389,788
Cash and cash equivalents as on June 30	653,251	512,815

The approved notes from 1 to 17 form an integral part of these financial statements.

RA


Managing Director


Member SIDA Board


General Manager Finance