

Sindh Irrigation and Drainage Authority

Financial Statements
For the year ended June 30, 2021

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF MEMBERS

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, 2021, and statement of income and expenditure and other comprehensive income, statement of changes in accumulated surplus / deficit 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, 2021, 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 obtained 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 to date to pay off this liability 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 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 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 the 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 members 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 Members 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 Members 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 Shafqat Ali.


Chartered Accountants

Place: Karachi

Date: October 24, 2023

SINDH IRRIGATION AND DRAINAGE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

Note	2021 (Rupees in '000)	2020
ASSETS		
Non current asset		
Property and equipment	4 6,669	8,831
Current assets		
Advance, deposit, prepayment and other receivables	5 11,190	9,007
Balances with banks	6 188,882	350,404
	200,072	359,411
Total assets	206,741	368,242
FUND AND LIABILITIES		
Fund		
Accumulated deficit	(22,302)	(22,344)
Liabilities		
Current liabilities		
Gratuity payable to employees	7 10,011	8,408
Funds from donor agencies and governments for specific projects - net	8 187,056	287,366
Creditors, accrued and other liabilities	9 31,976	94,812
	229,043	382,178
	206,741	368,242
Contingencies and commitments	10	

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


Managing Director


Member SIDA Board


General Manager Finance

SINDH IRRIGATION AND DRAINAGE AUTHORITY
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

		2021	2020
	Note	(Rupees in '000)	
Fund received from Government of Sindh			
Grant-in-aid received - non project		129,684	112,617
Establishment of SIDA Secretariat & 03 AWBs - non project	9.8	18,692	-
Non-project expenditure - from Government grant			
Salaries and allowances		102,877	112,015
Contract staff salaries (Establishment of SIDA Secretariat & 03 AWBs)		18,692	-
Provision for gratuity		1,603	1,327
Telephone and postage		412	-
Travelling and transportation		12,428	-
Utility		426	-
Printing and stationery		1,698	-
Auditor's remuneration	9.9.1	1,431	-
Legal and professional		1,490	-
Repair and maintenance		6,847	-
Others		473	-
		(148,376)	(113,342)
Surplus / (deficit) during the year		-	(725)
Other income			
Profit on savings accounts		49	46
Surplus / (deficit) before taxation for the year		49	(679)
Taxation		(7)	(4)
Surplus / (deficit) after taxation for the year		42	(683)
Other comprehensive income for the year		-	-
Comprehensive income for the year		42	(683)

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

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Managing Director

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Member SIDA Board

[Signature]

General Manager Finance

SINDH IRRIGATION AND DRAINAGE AUTHORITY
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS / DEFICIT
AS AT JUNE 30, 2021

	2021	2020
	———— (Rupees in '000) ————	
Accumulated deficit	(22,344)	(21,661)
Comprehensive income for the year		
Surplus / (deficit) for the year	42	(683)
Other comprehensive income	-	-
Total comprehensive income for the year	42	(683)
Accumulated deficit	<u>(22,302)</u>	<u>(22,344)</u>

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

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Managing Director


Member SIDA Board


General Manager Finance


SINDH IRRIGATION AND DRAINAGE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (deficit) before taxation	49	(679)
Adjustment for non-cash items:		
Depreciation of property and equipment	2,847	5,349
Provision for gratuity	1,603	1,327
Working capital changes		
Decrease in current asset		
Advance, deposit and other receivables	(2,183)	(555)
Decrease in current liability		
Creditors, accrued and other liabilities	(62,844)	(486,130)
Net cash used in operating activities	(60,528)	(480,688)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property and equipment	(685)	(151)
Net cash used in investing activities	(685)	(151)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Funds received from donor agencies and governments for specific projects - net	103,981	751,311
Costs incurred on specific projects	(204,290)	(573,319)
Net cash (used in) / generated from financing activities	(100,309)	177,992
Net decrease in cash and cash equivalents (A+B+C)	(161,522)	(302,847)
Cash and cash equivalents as on July 01	350,404	653,251
Cash and cash equivalents as on June 30	188,882	350,404

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

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Managing Director


Member SIDA Board


General Manager Finance