

MOUNTAIN AND GLACIER PROTECTION ORGANIZATION  
 BALANCE SHEET  
 AS AT JUNE 30, 2011

	Note	2011 Rs.	2010 Rs.
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Advances and prepayments	4	7,767,349	23,606,924
Security deposits		134,500	134,500
Loan to community	5	192,499	294,159
Other receivables	6	879,754	426,740
Short term investments	7	1,500,000	3,500,000
Cash and bank balances	8	101,486,929	91,204,406
		<u>111,961,031</u>	<u>119,166,729</u>
<b>FUNDS AND LIABILITIES</b>			
General fund	9	73,612,791	86,051,343
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	10	38,348,240	33,115,386
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		
		<u>111,961,031</u>	<u>119,166,729</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 CHIEF EXECUTIVE OFFICER

  
 \_\_\_\_\_  
 DIRECTOR

MOUNTAIN AND GLACIER PROTECTION ORGANIZATION  
 INCOME AND EXPENDITURE ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rs.	2010 Rs.
<b>Income</b>			
Programme donors' grant	12	292,668,097	181,147,362
Donations		8,822,832	6,490,567
Other income	13	4,937,956	2,346,816
Exchange (loss)/gain		(312,346)	(3,596,072)
		306,116,539	186,388,673
<b>Expenditure</b>			
Programme expenditures			
Reconstruction cost	14	271,387,642	80,005,157
Refurbishment cost	15	11,913,627	421,695
Training cost	16	5,171,986	8,262,178
Capital cost	17	887,398	5,326,373
Logistic and supervisory cost	18	26,240,465	13,886,865
		315,601,118	107,902,268
Operating and administrative cost	19	2,676,609	3,716,520
<b>Net (deficit)/surplus for the year</b>		<b>(12,161,188)</b>	<b>74,769,885</b>

The annexed notes 1 to 20 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

MOUNTAIN AND GLACIER PROTECTION ORGANIZATION  
 CASH FLOW STATEMENT  
 FOR THE YEAR ENDED JUNE 30, 2011

	2011 Rs.	2010 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (deficit)/surplus for the year	(12,161,188)	74,769,885
Adjustment for:		
Interest income	(4,857,512)	(2,169,794)
	(17,018,700)	72,600,091
Changes in working capital		
<i>(Increase)/decrease in current assets:</i>		
Advances and prepayments	15,839,575	(22,901,622)
Security deposits	-	(49,500)
Loan to community	101,660	58,155
Receivable from World Bank	-	1,027,000
Other receivables	(453,014)	351,351
	15,488,221	(21,514,616)
<i>Increase in current liabilities:</i>		
Accrued and other payables	5,232,854	3,874,053
Refund of unspent grant	(277,364)	-
Net cash generated from operating activities	3,425,011	54,959,528
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short term investments	2,000,000	1,000,000
Interest income	4,857,512	2,169,794
Net cash generated from investing activities	6,857,512	3,169,794
Net increase in cash and cash equivalents	10,282,523	58,129,322
Cash and cash equivalents at beginning of the year	91,204,406	33,075,084
Cash and cash equivalents at end of the year	101,486,929	91,204,406

The annexed notes 1 to 20 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

**MOUNTAIN AND GLACIER PROTECTION ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. LEGAL STATUS AND OPERATIONS**

Mountain and Glacier Protection Organization (MGPO) is a Non Government Organisation (NGO) registered on August 18, 2001 under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961 (XLV of 1961).

MGPO is a social welfare non-profit organization certified by the Pakistan Centre for Philanthropy. MGPO programmes are designed to enhance the quality of life of disadvantaged communities by providing them with improved access to education and healthcare services, and building physical infrastructure and water management systems that contribute to social, economic and environmental security. Social mobilization and gender mainstreaming remain cross cutting themes in all programme areas.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the generally accepted accounting principles.

**2.2 Accounting convention**

These financial statements have been prepared under the historical cost convention and on accrual basis of accounting except for grants and donations, which are recorded on receipt basis.

**2.3 Functional currency**

MGPO's functional currency is Pakistan Rupee (PKR). Figures in these financial statements have been rounded off to the nearest PKR, unless otherwise stated.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Income**

All the income of MGPO is recognized when accrued except for grants and donations which are recognized on receipt basis.

**3.2 Trade and other payables**

Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to MGPO.

**3.3 Investments**

These are stated at cost.

#### **3.4 Foreign currencies**

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in income and expenditure account for the year.

#### **3.5 Provisions**

Provisions are recognized when MGPO has a present legal or constructive obligations as a result of past events, 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 obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

#### **3.6 Capital expenditure**

Capital expenditure incurred by MGPO for project purposes is fully charged to income and expenditure account as and when incurred.

**MOUNTAIN AND GLACIER PROTECTION ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**4. ADVANCES AND PREPAYMENTS**

	2011 Rs.	2010 Rs.
Advances to employees	917,560	750,594
Mobilization advances for construction of schools - DFID project	3,361,164	22,466,332
Advance against materials - DFID project	2,676,345	-
Prepaid rent	471,000	390,000
Prepaid fee	61,625	-
Others	279,655	-
	<u>7,767,349</u>	<u>23,606,926</u>

**5. LOAN TO COMMUNITY**

This represents loan provided to individuals of local community in Chakothei, Azad Jammu and Kashmir for "Honey Bee Keeping Group" as a Microfinance initiative. This loan is payable on twenty one months basis as per agreed payment schedule. This loan carried interest of 14% per annum. However, during the current year ended June 30, 2011, the interest on this loan was waived-off with effect from September 01, 2010.

**6. OTHER RECEIVABLES**

	Note	2011 Rs.	2010 Rs.
Accrued interest on short term investments		63,288	426,740
Other receivables		816,466	-
		<u>879,754</u>	<u>426,740</u>

**7. SHORT TERM INVESTMENTS**

	Note	2011 Rs.	2010 Rs.
Term deposit receipt - Bank Alfalah Limited	7.1	1,500,000	1,500,000
National Savings Certificates	7.2	-	2,000,000
		<u>1,500,000</u>	<u>3,500,000</u>

7.1 This represents investment in 1 year term deposit receipt of Bank Alfalah Limited, I-8 Markaz Branch, Islamabad carrying interest at the rate of 11% per annum. The investment was made on February 10, 2009. During the current year, the investment was matured and was re-invested on February 10, 2011 for 1 year on same terms and conditions.

7.2 This represented investment in special saving certificates issued on June 23, 2008 by National Savings Centre, Civic Centre, Islamabad.

**8. CASH AND BANK BALANCES**

	2011 Rs.	2010 Rs.
Cash in hand	176,006	95,663
Cash at banks		
-Current accounts		
- Local currency	160,890	-
- Foreign currency	910,024	1,158,833
-Saving accounts		
- Local currency	97,284,570	89,020,489
- Foreign currency	2,955,439	929,421
	<u>101,310,923</u>	<u>91,108,743</u>
	<u>101,486,929</u>	<u>91,204,406</u>

9. GENERAL FUND	2011 Rs.	2010 Rs.
Balance as at July 01	86,051,343	11,281,458
Net (deficit)/surplus for the year	(12,161,188)	74,769,885
Refund of unspent grant	(277,364)	-
Balance as at June 30	<u>73,612,791</u>	<u>86,051,343</u>
<b>10. ACCRUED AND OTHER PAYABLES</b>		
Payable to contractors	16,955,740	29,249,781
Retention money payable	16,824,609	2,471,782
Payable against project expenditures	772,803	772,803
Other payables	3,795,088	621,020
	<u>38,348,240</u>	<u>33,115,386</u>
<b>11. CONTINGENCIES AND COMMITMENTS</b>		
<p>11.1 The organization has a dispute with M/s Ideas Web Pakistan (the contractor) regarding delay and faults in construction of Government High School (GHS), Chatter Plain and Basic Health Unit (BHU), Kathai, District Manshara. According to the lawyers of the organization, suits have been filed in Court of Civil Judge, Manshara by the contractor for recovery of Rs. 8,468,284 and Rs. 17,975,728 for construction of GHS, Chatter Plain and BHU, Kathai, District Manshara respectively. Against this claim, Rs. 11,464,118 has already been accounted for in the books of accounts relating to payment due to the contractor under the terms and conditions of the contract. Payment will be made to the contractor after the Court decision for the construction work of GHS and BHU. The lawyers of the organization filed two petitions in Court of Civil Judge, Manshara on January 23, 2010 for equitable set-off against the contractor amounting to Rs. 4,032,059 payable on account of GHS, Chatter Plain and Rs. 1,129,376 payable on account of BHU, Kathai, District Manshara. The case is yet to be decided by the Court which is sub judice to date.</p>		
<p>11.2 As at June 30, 2011, contracted capital expenditure commitments of MGPO amounted to Rs. 22,033,475 (2010: 185,066,771).</p>		
<b>12. PROGRAMME DONORS' GRANTS</b>		
	2011 Rs.	2010 Rs.
Pakistan Poverty Alleviation Fund-CECP	16,800,235	1,913,523
Pakistan Poverty Alleviation Fund-CPI	4,629,182	-
Cooperazione e sviluppo onlus (CESVI)	1,068,180	1,936,261
UNICEF	-	6,296,609
MGPO Sponsorship Programme	-	27,570
Teacher Sponsorship Programme (TSP)	-	55,000
Department for International Development (DFID)	265,540,048	166,159,725
Australian High Commission Islamabad - Direct Aid Program (DAP)	-	1,919,340
SEED Project Management Unit	4,630,452	2,839,334
	<u>292,668,097</u>	<u>181,147,362</u>
<b>13. OTHER INCOME</b>		
Interest income on saving accounts and short term investments	4,857,512	2,169,794
Interest on loan to community	444	7,022
Tender fee	80,000	170,000
	<u>4,937,956</u>	<u>2,346,816</u>

14. RECONSTRUCTION, ENVIRONMENT, FLOOD AND CPI COST	2011 Rs.	2010 Rs.
Education	258,597,208	80,005,157
Reconstruction of homes	2,802,204	-
Water supply scheme	7,017,425	-
Flood Protection	376,155	-
Micro Hydro projects	550,000	-
Boundary Wall	2,044,650	-
	<u>271,387,642</u>	<u>80,005,157</u>
<b>15. REFURBISHMENT COST</b>		
Education	<u>11,913,627</u>	<u>421,695</u>
<b>16. TRAINING COST</b>		
Education	2,814,072	6,417,741
Health	2,357,914	1,844,437
	<u>5,171,986</u>	<u>8,262,178</u>
<b>17. CAPITAL COST</b>		
Furniture	271,796	96,800
Office equipment	88,578	131,123
Computers and accessories	11,000	185,450
Vehicles	420,824	4,913,000
Telecommunication equipment	95,200	-
	<u>887,398</u>	<u>5,326,373</u>
<b>18. LOGISTIC AND SUPERVISORY COST</b>		
Salaries	18,827,539	9,700,168
Office rental	1,707,000	1,320,000
Bank charges	-	43,923
Printing and stationery	189,346	256,674
Office supplies	315,003	160,592
Audit fee	60,000	60,000
Legal and professional	252,625	159,350
Travelling and conveyance	384,229	148,583
Communication expenses	334,189	288,916
Field visits	3,292,986	1,095,421
Postage and courier	-	33,812
Office maintenance	237,021	214,163
Utilities	286,902	248,758
Advertisement	1,690	-
Camp maintenance and repairs	91,298	91,487
Food distribution	252,625	63,508
Miscellaneous	8,012	1,510
	<u>26,240,465</u>	<u>13,886,865</u>

19. OPERATING AND ADMINISTRATIVE COST

	2011 Rs.	2010 Rs.
<b>Operating/Programme-related cost:</b>		
Refurbishment of schools and hospitals	-	495,257
Cleanup of K2	-	656,360
Training cost - Health and education	-	620,580
	-	1,772,197
<b>Administrative cost:</b>		
Salaries	1,369,000	1,377,231
Office rental	15,000	-
Office supplies	24,818	-
Bank charges	23,340	7,401
Legal and professional	629,000	231,100
POL	44,394	8,400
Communication expenses	-	76,608
Office maintenance	20,720	77,520
Tax withheld on bank profits	512,458	105,772
Vehicle insurance	37,879	22,313
Miscellaneous	-	37,979
	<b>2,676,609</b>	<b>1,944,323</b>
	<b>2,676,609</b>	<b>3,716,520</b>

20. GENERAL

20.1 These financial statements have been authorized by the Board of Directors on 21/10/2011

  
 \_\_\_\_\_  
 CHIEF EXECUTIVE OFFICER

  
 \_\_\_\_\_  
 DIRECTOR