



Government of Sindh
Sindh Peoples Housing for Flood Affectees
(SPHF)



ANNUAL REPORT 2022-23



Government of Sindh
Sindh Peoples Housing for Flood Affectees
(SPHF)



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Government of Sindh
Sindh Peoples Housing for Flood Affectees
(SPHF)



ORGANIZATION'S INFORMATION

Board of Directors

Mr. Syed Hassan Naqvi (Chairperson)
(Chairman P&DB-GoS), Chairman SPHF

Mr. Najam Ahmed Shah (Member)
(Additional Chief Secretary, Local Government Department. – GoS),

Ms. Sadiqa Salahuddin, (Independent director)

Mr. Asad Ullah Sayeed, (Independent director)

Mr. Mudassir Husain Khan, (Member)

Mr. Khalid Mehmood Shaikh, CEO-SPHF

Finance & Audit Committee

Mr. Asad Ullah Sayeed, (Chairperson)

Mr. Najam Ahmed Shah (Member)

Mr. Mudassir Husain Khan (Member)

HR Committee

Ms. Mudassir Husain Khan, (Chairperson)

Mr. Syed Hassan Naqvi (Member)

Mr. Khalid Mehmood Shaikh, (Member)

Technical & Procurement Committee

Mr. Najam Ahmed Shah (Chairperson)

Mr. Syed Hassan Naqvi (Member)

Ms. Sadiqa Salahuddin, (Member)

Banks

National Bank of Pakistan (NBP)
Sindh Bank Limited (SBL)

Auditors

PWC A.F FERGUSONS & Co.
KPMG TASEER HADI & Co.

Chief Finance Officer & Company Secretary

Mr. Jamil Ahmed

Legal Advisor

Haider Mota & Co.

Key Officials

Mr. Malik Najaf Khan, COO

Mr. Imtiaz Ahmed, Chief Procurement Officer

Mr. Jhaman Lalchandani, Social Development Specialist

Mr. Muhammad Shahid Panhwar, M&E Manager

Mr. Muhammad Umair, Finance Manager

Mr. Adeel Ahmed Khan, Disbursement Manager

Mr. Sheraz Azeem Khan, MIS Manager

Ms. Sana Samejo, Communication Specialist

Mr. Muhammad Naveed, Project Engineer

Mr. Syed Jalal Abbas Jaffri, Environment Specialist

Mr. Sayed Shueb Ali Shah, Manager HR & Admin

Officials Address

Address: Bungalow No.20, Block 7/8, Modern
Cooperative Housing Society, Tipu Sultan Road, Karachi.

Website & Face Book

<https://www.facebook.com/sindhpeopleshousing>
<https://www.sphf.gos.pk/>
info@sphf.gos.pk



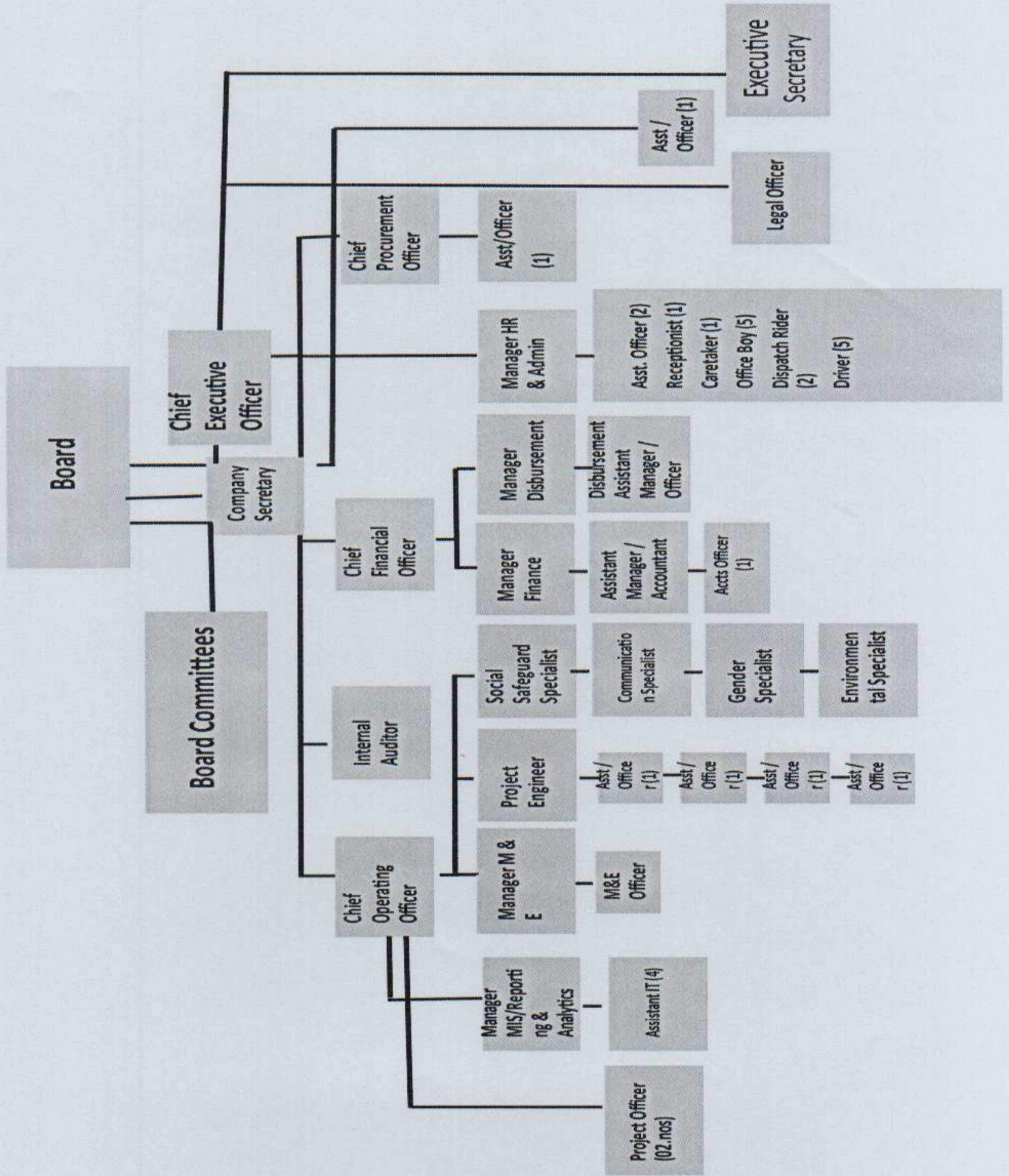
Government of Sindh

Sindh Peoples Housing for Flood Affectees (SPHF)



ORGANOGRAM

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES-ORGANOGRAM





Government of Sindh
Sindh Peoples Housing for Flood Affectees
(SPHF)



Notice & Agenda for the 1st Annual General Meeting of SPHF

NOTICE OF THE MEETING

Notice is hereby given that the 1st Annual General Meeting of the members of SPHF will be held as follows:

Date and Time: Friday, 16th February 2024 at 3:00 pm
Venue: Meeting Room of SPHF
House # 20, Block 7/8, Modern Cooperative Housing Society, Tipu Sultan Road Karachi.

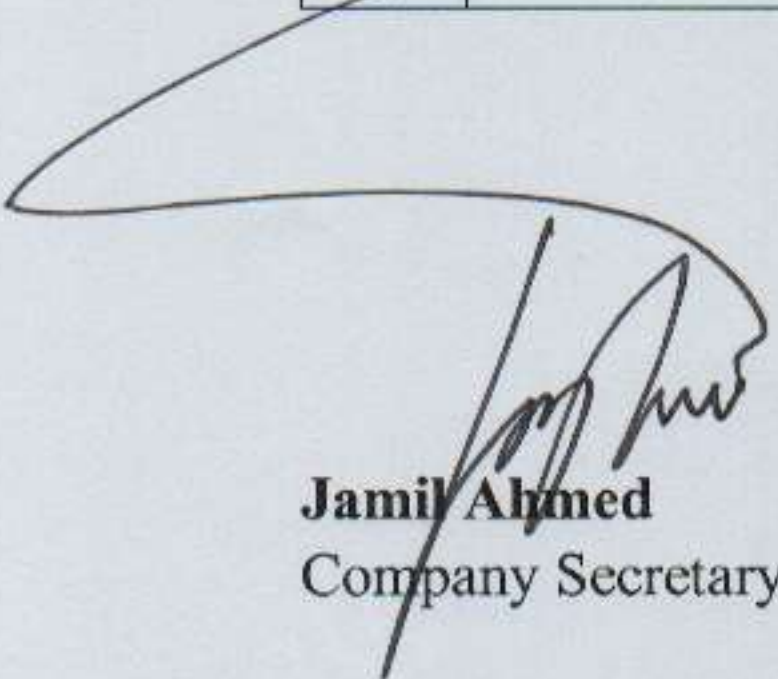
Attendance Requested:

Directors

1. **Shakeel Ahmed Mangnejo**
(Chairman P&DB-GoS), Chairman SPHF
2. **Mr. Manzoor Ali Shaikh**
(Additional Chief Secretary, Local Government Department. – GoS), Member
3. **Ms. Sadiqa Salahuddin**, Member
4. **Mr. Asad Ullah Sayeed**, Member
5. **Mr. Mudassir Husain Khan**, Member
6. **Mr. Khalid Mehmood Shaikh**, Member, CEO-SPHF
7. **Mr. Shahab Qamar Ansari**
(Secretary (I&C) SGA&CD),

AGENDA OF THE MEETING

1.	To Consider and adopt the Audited Financial Statement of the Company for the year ended June 30, 2023 together with the Directors' Report and Auditors' Report thereon.
2.	To reappoint External Auditors of the company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s A.F. Ferguson & Co. Chartered Accountants as external auditors, for the year ending 30 th June 2024.
3.	Any other business with the permission of the Chair


Jamil Ahmed
Company Secretary

25th January 2024



Government of Sindh
Sindh People's Housing for Flood Affectees
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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED ON 30TH JUNE 2023

DEAR SHAREHOLDERS,

We are pleased to present the Directors' Report, accompanied by the audited financial statements for the fiscal year 2022-23 of Sindh People Housing for Flood Affectees (SPHF), incorporated as a Company under section 42 of the Companies Act, 2017, on October 19, 2022. SPHF is a not-for-profit entity established by the Government of Sindh in collaboration with the World Bank, dedicated to assisting individuals affected by floods in reconstructing and repairing their homes. The company aims to alleviate the hardships faced by the residents of the affected districts in Sindh due to calamitous rains.

The primary objective of SPHF is to promote resilient housing solutions through innovative approaches, rebuilding, and fortifying communities against the devastating impact of floods. Our mission is to ensure a sustainable and secure living environment for the vulnerable population affected by natural disasters in Sindh province.

A comprehensive survey revealed that approximately 2 million houses in Sindh were either partially damaged or fully damaged, representing nearly 83 percent of the nationwide total. The housing sector in Sindh has faced adversity, exacerbated by ambiguous ownership status due to the informal nature of housing in rural areas. In response to this critical situation, the establishment of Sindh People's Housing for Flood Affectees stands as the most significant and ambitious housing reconstruction initiative of its kind.

At SPHF, we have embarked on a journey to fulfill our mission by designing, developing, and implementing flood-resistant housing solutions. Our focus is on safety, sustainability, and community resilience. We actively engage local stakeholders in the reconstruction process, fostering ownership and imparting knowledge about sustainable and flood-resilient construction practices.

Committed to continuous innovation, SPHF is dedicated to researching and adopting cutting-edge technologies and materials that enhance housing resilience against flood hazards. The project, outlined in PC 1, entails a contribution of Rs. 50,000.0 million from the Government of Sindh, with the World Bank commitment of Rs. 110,000.0 million, resulting in a total project cost of Rs. 160,000.0 million. The anticipated duration is 32 months, commenced in November 2022, and expected completion in June 2025. This initiative aims to reconstruct 465,227 fully damaged houses and repair 100,000 partially damaged houses in the Sindh province. Details of the cost are as follows.

Sr#	Description	PKR in million		
		FPA (WB)	GoS	Total
1	Compensation for Fully Damaged Houses (465,227 houses)	103,400.00	36,168.00	139,568.00
2	Compensation for Partially Damaged Houses (100,000 houses)	-	5,000.00	5,000.00
3	Construction of Supportive Infrastructure	-	7,150.00	7,150.00
4	NGO's Cost @ 3.5 % of the Compensation Cost	5,005.00		5,005.00
5	Company Expenses SPHF established under Rule-42	751.00		751.00
6	Consultants Charges (IT, Legal, Financial & Technical)	707.00		707.00
7	Consultancy for Supportive Infrastructure		250.00	250.00
8	Contingencies	137.00	1,432.00	1,569.00
	Grand Total	110,000.00	50,000.00	160,000.00

Address: Bungalow No.20, Block 7/8, Modern Cooperative Housing Society, Tipu Sultan Road, Karachi.



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Major accomplishments: During FY 2022-23 the project initiated the process of transfer of cash grants to eligible beneficiaries. The project has established a comprehensive two-stage review process/criterion to assess the eligibility of beneficiaries for cash grant transfers. The compensation for fully destroyed houses will be paid in four installments, PKR. 75,000 as mobilization advance (1st installment), PKR. 100,000 upon plinth level completion (2nd installment), PKR. 100,000 upon walls/lintel completion (3rd installment) and PKR 25,000 upon completion of the roof (4th installment). Each level (plinth, lintel, and roof) of completion is certified by IPs, and accordingly, subsequent installments are released one after the other.

After establishing a review process to declare beneficiaries' eligibility, the project started disbursement to the beneficiaries for the reconstruction of houses in the last week of March 2023. At the closing of the reporting period, the project successfully processed the disbursement of 1st installment of PKR 75,000 to 27,064 beneficiaries and 2nd installment of PKR 100,000 to 1,252.

COMPOSITION OF BOARD OF DIRECTORS AND ATTENDANCE

Category	Names	Attendance Meetings			
		BOD Meeting Attendance	Finance & Audit Committee Meeting	HR Committee Meeting	Technical & Procurement Committee Meeting
Independent Director	Sadiqa Salahuddin	9/9		1/3	3/3
	Asadullah Sayeed	9/9	2/2		
Executive Director	Mr. Khalid Mehmood	9/9		3/3	
Non-Executive Director	Syed Hassan Naqvi	9/9		3/3	3/3
	Najam Ahmed Shah	9/9	2/2		3/3
	Mudassir Husain	8/9	2/2	2/3	

A SUMMARY OF KEY FINANCIAL INDICATORS IS PRESENTED BELOW:

Particulars	Amount in (000)
Total Revenue	4,080,630
Total Expenditure	4,080,630

The Company received funds amounting to Rs. 30,054.51 million through Assignment Accounts. The expenditure incurred during the reporting period, ending 30th June 2023, is Rs. 4,080.63 million (the same has been treated as revenue in the Financial Statements as per Assignment Accounts procedure), resulting



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in 12.8% utilization of funds against the release. The 2nd installment of Rs. 11,458.8 million (USD 40 million) was received at the end of the reporting period through the Assignment Account.

CORPORATE GOVERNANCE

Good corporate governance plays vital role for the maintenance of integrity and transparency. The Board of Directors of the Company recognize the need to implement appropriate systems which shall be supported by appropriate policies & procedures and best ethical practices.

The Board has established best system of corporate governance incorporating a system of internal controls duly supported by sound policies and procedures.

DIRECTORS STATEMENT OF COMPLIANCE

Directors are pleased to state that

- a) The Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance.
- b) The financial statements, prepared by the management of the Public Sector Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- c) Proper books of account of the Public Sector Company have been maintained;
- d) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- e) The System of internal control is sound in design and has been effectively implemented and mentioned.
- f) The appointment of chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interest of the Public Sector Company as well as in line with the best practices. None of the directors except Chief Executive Officer, is being paid salary / remuneration.
- g) The remuneration of executive management of the company is disclosed in the notes to the financial statements of the company showing salaries and other benefits.
- h) Related party transactions have been adequately disclosed and mentioned in Financial Statements.
- i) Information regarding outstanding taxes and levies, as required by Corporate Governance Rules, is disclosed in the notes to the Financial Statements.
- j) There are no significant doubts regarding the company's ability to continue as a going concern till the completion of its objectives.

1. **Governance and Management:** The Board of Directors continued to provide effective oversight and guidance. The organization adheres to the highest standards of governance, with policies and procedures in place to ensure transparency, accountability, and ethical conduct. The senior management team played a crucial role in implementing the strategic objectives set by the Board.



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2. **Outlook for the Future:** Looking ahead, the organization will continue to take initiatives that are aligned with its mission and objectives. The negotiation with other Development Financial Institutions is at advanced stages which would help in reconstruction of more houses damaged by flood.
3. **Acknowledgments:** We extend our heartfelt gratitude to our donors, partners, volunteers, and employees for their unwavering support. Their commitment has been pivotal in achieving our goals.
4. **Financial Statements:** The audited financial statements, including the balance sheet, income statement, and cash flow statement, are attached herewith for your perusal.

In conclusion, we would like to express our appreciation for the continued trust and confidence placed in Sindh Peoples Housing for Flood Affectees (SPHF). As we navigate the challenges and opportunities ahead, we look forward to continued support from the World Bank, the Economic Affairs Division, Government of Pakistan and the Government of Sindh.

Sincerely,
Shakeel Ahmed Chairperson, Board of Directors, SPHF



INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Peoples Housing For Flood Affectees

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sindh Peoples Housing For Flood Affectees (the Company), which comprise the statement of financial position as at June 30, 2023, and the income and expenditure statement, the statement of changes in net assets, the statement of cash flows for the period October 19, 2022 to June 30, 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure statement, the statement of changes in net assets and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of income and expenditure, the changes in net assets and its cash flows for the period October 19, 2022 to June 30, 2023.

Basis for Opinion

We conducted our audit in accordance with 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 Company 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.

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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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 accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's 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.

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 Company'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 Company'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 Company 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.

Handwritten mark



We communicate with the 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: 15 February 2024

UDIN: AR2023100737clyiHDgQ

SINDH PEOPLES HOUSING FOR
FLOOD AFFECTEES

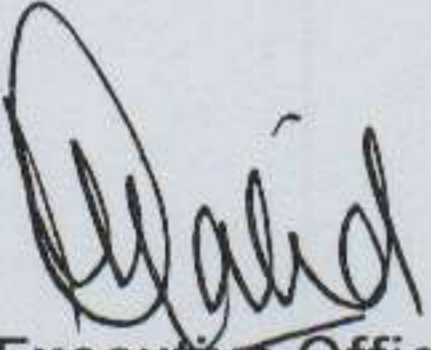
FINANCIAL STATEMENTS FOR THE
FOR THE PERIOD
OCTOBER 19, 2022 TO JUNE 30, 2023

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

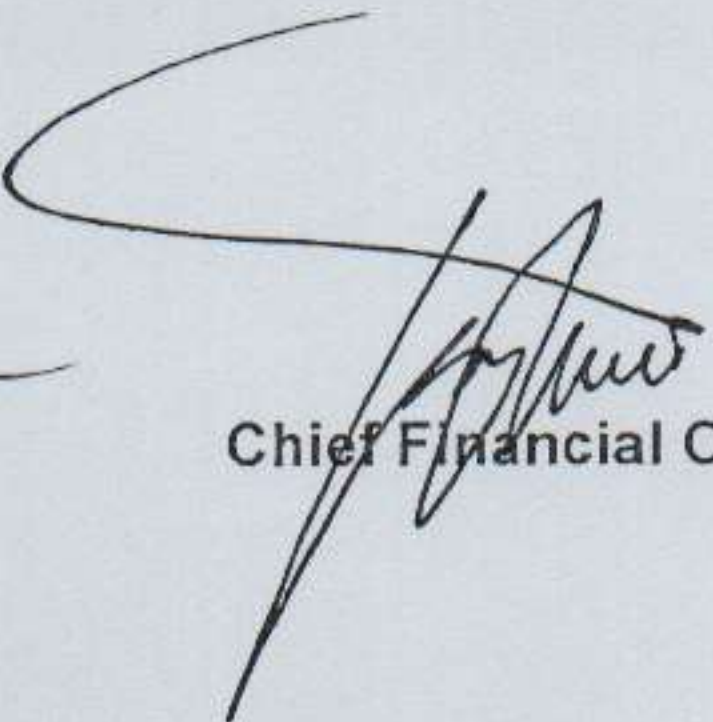
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	June 30, 2023 (Rupees in '000)
NON-CURRENT ASSETS		
Property and equipment	3	88,090
Intangible assets	4	<u>29,488</u>
		117,578
CURRENT ASSETS		
Deposits, prepayments and others	5	<u>53,749</u>
Bank balances	6	<u>384,327</u>
		438,076
TOTAL ASSETS		<u><u>555,654</u></u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred grant		
Grants related to assets	7	117,578
CURRENT LIABILITIES		
Unutilised funding	8	<u>40,419</u>
Accounts payable	9	<u>397,657</u>
		438,076
TOTAL LIABILITIES		<u><u>555,654</u></u>
REPRESENTED BY:		
FUND		
General Fund		<u><u>-</u></u>

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


Chief Executive Officer


Director



Chief Financial Officer

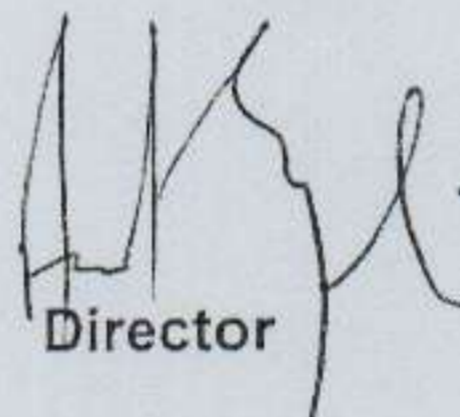
SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

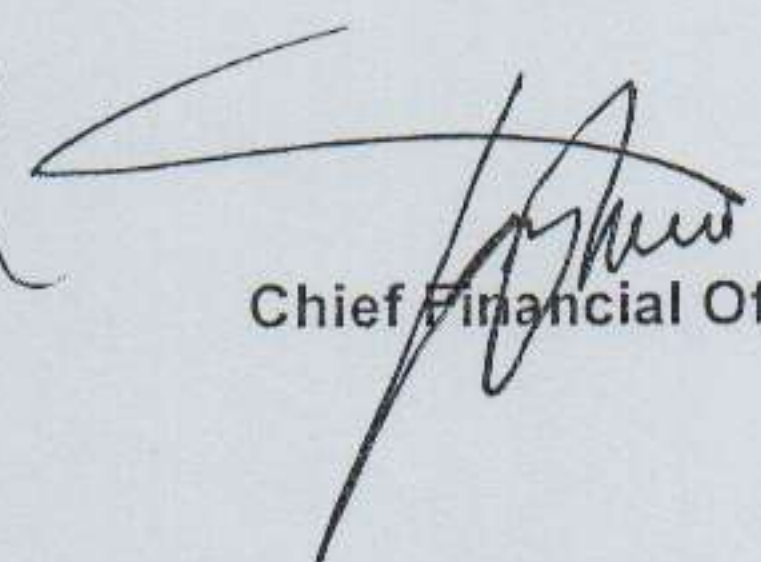
INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD OCTOBER 19, 2022 TO JUNE 30, 2023

	Note	For the period October 19, 2022 to June 30, 2023 (Rupees in '000)
INCOME		
Funding activities	10	4,080,630
OPERATING EXPENDITURE		
Cost of project	11	(3,969,946)
General and administrative expenses	12	(110,684)
		(4,080,630)
Surplus for the period		-

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


Chief Executive Officer


Director


Chief Financial Officer

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD OCTOBER 19, 2022 TO JUNE 30, 2023

For the period
October 19,
2022 to
June 30,
2023
(Rupees in
'000)

Balance as at October 19, 2022

-

Surplus for the period

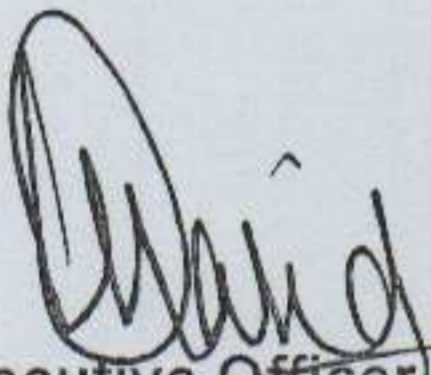
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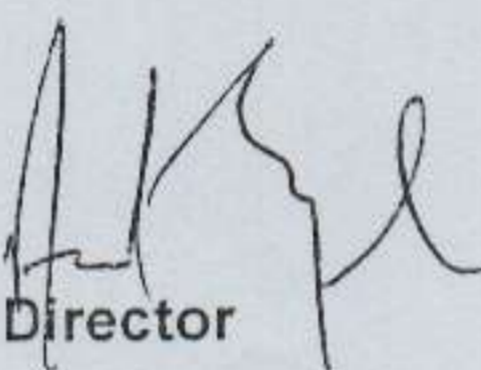
Balance as at June 30, 2023


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


Chief Executive Officer


Director


Chief Financial Officer

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

STATEMENT OF CASH FLOWS
FOR THE PERIOD OCTOBER 19, 2022 TO JUNE 30, 2023

For the period
October 19,
2022 to
June 30,
2023
(Rupees in
'000)

CASH FLOWS FROM OPERATING ACTIVITIES

Surplus for the period
Adjustments for non cash charges and other items:
Depreciation & amortization

-

5,686

5,686

**EFFECT ON CASH FLOWS DUE TO WORKING
CAPITAL CHANGES**

Increase in current assets:

Increase in deposits, prepayments and others

(53,749)

Increase in current liabilities:

Increase in accounts payable
Increase in unutilised funding
Increase in grants related to assets

397,657

40,419

117,578

501,905

Net cash generated from operating activities

507,591

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment
Purchase of intangible assets
Net cash used in investing activities

(93,638)

(29,626)

(123,264)

Net increase in cash and cash equivalents
Cash and cash equivalents at beginning of the period

384,327


-

Cash and cash equivalents at end of the period

6

384,327

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


Chief Executive Officer


Director


Chief Financial Officer

SINDH PEOPLES HOUSING FOR FLOOD AFFECTEES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD OCTOBER 19, 2022 TO JUNE 30, 2023

1. LEGAL STATUS AND NATURE OF OPERATIONS

1.1 Sindh Peoples Housing For Flood Affectees was incorporated in Pakistan on October 19, 2022 as a public limited company under section 42 of the Companies Act, 2017. The Company has been set up by the Government of Sindh ("GoS") to implement the "Sindh Flood Emergency Housing Reconstruction Project (SFEHRP) with a primary objective of rehabilitation of families affected by floods in 2022 in the province of Sindh.

1.2 During the year 2022, a survey was conducted by teams appointed by the Urban Unit of Government of Punjab to gather data of damaged houses in 24 flood affected districts of province of Sindh. As per survey, there are 2 million flood affected houses approximately. Out of which, 1.4 million houses are categorised as fully damaged and 0.6 million houses are categorised as partially damaged. The total estimated cost of reconstruction / repair of these flood affected houses amounts to Rs. 457 billion (USD 1.6 billion) excluding project management and implementation costs.

1.3 The International Development Association, a part of the World Bank, under an agreement with the Islamic Republic of Pakistan has provided financing of 389.7 million Special Drawing Rights (SDR) equivalent to USD 500 million for SFEHRP. The closing date for the financing period is June 30, 2027 and repayment of the principal amount by the Government of Pakistan shall commence from May 1, 2028. For this purpose, the Company submits withdrawal application to the World Bank based on six-month cash forecast and specifies the amount in USD and its equivalent in PKR. The approved USD amount is transferred to the State Bank of Pakistan (SBP), which retains the USD and converts it into PKR at the prevailing exchange rate. The SBP transfers equivalent amount in PKR to the Provincial Government of Sindh non-food account no. 1, which is earmarked for the Assignment Account maintained for the project with National Bank of Pakistan (NBP).

As of June 30, 2023, USD 101.1 million (Rs. 27.9 billion) has been received by the SBP from World Bank and transferred to GoS non-food account no. 1. Out of this amount, Rs. 2.1 billion has been released to the Company and the remaining balance will be released whenever required.

1.4 In addition to the financing provided by World Bank, GoS has agreed to provide Rs. 50 billion for SFEHRP. Of this amount, Rs. 500 million was initially received from GoS to start the project. Further funding shall be arranged by GoS from its annual budget. Currently, Rs. 25 billion have been allocated for the year 2023-2024.

1.5 The PC-1 of the project has been approved by the Executive Committee of the National Economic Council (ECNEC) of Government of Pakistan on January 4, 2023 on the recommendation of Ministry of Planning, Development and Special Initiatives titled "Flood Response Emergency Housing Project". The current PC-1 is approved for Rs. 160 billion (USD 500 million through World Bank & USD 227.27 million from GoS). For the balance amount required for the project, the PC-1 will be subject to revision and approval.

- 1.6 The funds received by the Company from the GoS either through their own budget or through World Bank financing are disbursed onwards to the flood affectees as grant after following verification process. For households classified as fully damaged, a grant of Rs. 300,000 per household is being provided in four installments and for households classified as partially damaged a grant of Rs. 50,000 per household is being provided.
- 1.7 The Company is actively pursuing to arrange the funds from other multilateral financial institutions in order to meet the overall cost of this housing reconstruction project.
- 1.8 The Company also intends to collaborate with UNICEF for the Water, Sanitation & Hygiene (WASH) project which aims to create awareness and shape behaviour of school-going children around health and hygiene, to provide clean water to schools, and to help in construction of latrines in flood affected areas of the province of Sindh.
- 1.9 The registered office of the Company is located at bungalow no. 20, Block 7/8 Modern Cooperative Housing Society, Karachi.
- 1.10 These are the first financial statements of the Company from the date of incorporation and do not have any comparative figures. Further, these financial statements are prepared from the date of incorporation to the following June 30 and accordingly cover a period of less than twelve months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

2.1. BASIS OF PREPARATION

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standards for Not for Profit Organizations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

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2.1.3 Critical accounting estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. Information about judgments made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that may have a significant risk resulting in a material adjustment in the subsequent year are set forth below:

- Property and equipment (note 2.2)
- Intangible assets (note 2.3)

2.1.4 Changes in accounting standards, interpretations and pronouncements

(a) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's accounting period which began on October 19, 2022. However, these do not have any significant impact on the Company's financial reporting.

(b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

2.1.5 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies in then notes below.

2.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable when future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Depreciation on operating assets is charged using the straight line method over its useful life at the rates specified in respective notes in these financial statements. Depreciation on additions is charged from the month in which the asset is put to use and on disposals up to the month immediately preceding the disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

Company accounts for impairment, where indications exist, by reducing its carrying value to the estimated recoverable amount.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of property and equipment are recognised in the statement of profit or loss.

2.3 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as intangible assets. Direct costs include the purchase cost of the intangible asset, implementation cost and related overhead cost.

Intangible assets are amortised using the straight-line method over a period of three years or license period, whichever is shorter.

The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Capital work-in-progress is stated at cost accumulated to the balance sheet date less impairment losses, if any. Cost include expenditures directly attributable to the acquisition of an asset. Transfers are made to relevant asset category as and when asset is available for intended use.

2.4 Deposits, prepayments and others

These are classified as amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

2.5 Bank balances

Bank balances are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, bank balances comprise balances with banks in current accounts.

2.6 Accounts payable

Accounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

2.7 Financial instruments

2.7.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method and impairment are recognised in the income and expenditure account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the income and expenditure account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the income and expenditure account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the income and expenditure account.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the income and expenditure account.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income and impairment, if any, are recognised in the income and expenditure account.

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2.7.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and include trade debts, deposits, advances, other receivables and cash and cash equivalents. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

2.7.3 Impairment of financial asset

The Company recognises lifetime expected credit losses for trade receivables that do not constitute a financing transaction. Expected credit losses (ECLs) are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive). Life time ECLs are the ECLs that results from all possible defaults events over the expected life of a financial instrument. For all other financial assets, expected credit losses are measured at an amount equal to 12 months' ECLs i.e. ECLs that result from default event that are possible within 12 months after the reporting date.

2.7.4 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings, unclaimed dividend, accrued mark-up and accounts payable. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

2.7.5 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

2.8 Grant

Grants are recorded on receipt basis at their fair value where there is reasonable assurance that all attaching conditions will be complied with, whereas funds required to settle expenses already incurred by the Company are accrued.



2.8.1 Where the grant received relates to an asset, it is recorded as deferred grant and charged to income in equal amounts over the expected useful life of the related asset through depreciation, amortisation and / or disposal.

2.8.2 All grants received are classified as restricted grants.

2.9 Unutilised funding

When the grant relates to an expense item, it is recognised as income over the periods in which the entity recognises the related costs as expenses for which the grant is intended to compensate. Unspent grants at the end of the year are disclosed separately in the statement of financial position as unutilised funding.

2.10 Expenses

All expenses are recognised in the income and expenditure statement on accrual basis.

2.11 Taxation

As per Section 100C of the Income Tax Ordinance 2001, (the Ordinance), the income of the Company is eligible for a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable. Management intends to continuously comply with the provisions to avail the tax credit and accordingly no provision for tax has been recognised.

3. PROPERTY AND EQUIPMENT	2023 (Rupees in '000)
Operating fixed assets - note 3.1	<u>88,090</u>

3.1 Operating fixed assets

	Lease hold improvements	Office equipment	Computer and peripherals	Furniture and fixtures	Vehicles	Total
	← Rupees in '000 →					
For the period ended						
As at October 19, 2022	-	-	-	-	-	-
Additions / transfers (at cost)	882	10,173	9,738	15,220	57,625	93,638
Depreciation charge	(92)	(826)	(1,193)	(1,259)	(2,178)	(5,548)
Net book value - June 30, 2023	<u>790</u>	<u>9,347</u>	<u>8,545</u>	<u>13,961</u>	<u>55,447</u>	<u>88,090</u>
Cost	882	10,173	9,738	15,220	57,625	93,638
Accumulated depreciation	(92)	(826)	(1,193)	(1,259)	(2,178)	(5,548)
Net book value - June 30, 2023	<u>790</u>	<u>9,347</u>	<u>8,545</u>	<u>13,961</u>	<u>55,447</u>	<u>88,090</u>
Useful life (in years)	4	5	3	5	5	

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	2023 (Rupees in '000)
4. INTANGIBLE ASSETS	
Operating intangible assets	1,230
Capital work in progress (CWIP) note - 4.2	28,258
	<u>29,488</u>
Operating intangible assets	
Net carrying value	
Carrying amount at the beginning of the period	-
Additions during the period	1,368
Amortisation during the period	(138)
Carrying amount at the end of the period	<u>1,230</u>
Gross carrying value	
Cost	1,368
Accumulated amortisation	(138)
Net book value	<u>1,230</u>
Rate of amortisation	33.33%

4.1 Intangible assets comprise of computer software and licenses.

4.2 This includes capitalization of Management Information System (MIS) and SAP which were under implementation as at June 30, 2023.

	2023 (Rupees in '000)
5. DEPOSITS, PREPAYMENTS AND OTHERS	
Prepayments	48,015
Deposits - considered good	5,400
Others	334
	<u>53,749</u>

6. BANK BALANCES

Cash at bank

- Current account - note 6.1	384,327
- Asaan Assignment account - note 6.2	-
- Revolving Fund Assignment account - note 6.3	-
	<u>384,327</u>

6.1 This represents the unutilised amount of funds provided by the GoS to start the project / the Company. This amount has been kept in a current account with Sindh Bank Limited which is a related party of the Company through Government ownership.

6.2 The Asaan Assignment account has been opened in National Bank of Pakistan (NBP) to receive the budget allocation of GoS for the project. The amount is available in the account on the requirement basis.

- 6.3 The NBP is the designated bank for handling all transactions of Revolving Fund Assignment (RFA) accounts. The funds received for the Company / the project by SBP from World Bank are transferred to the Company in this account on utilisation basis.

7. GRANTS RELATED TO ASSETS

	Government of Sindh	Government of Sindh - through World Bank financing	Total
	← Rupees in '000 →		
At the beginning of the period	-	-	-
Grants received during the period for:			
- property and equipment	54,287	39,351	93,638
- intangible assets	-	29,626	29,626
	<u>54,287</u>	<u>68,977</u>	<u>123,264</u>
Utilised during the period through:			
Depreciation for the period - note 3.1	(3,260)	(2,288)	(5,548)
Amortisation of intangible assets for the period - note 4	-	(138)	(138)
	<u>(3,260)</u>	<u>(2,426)</u>	<u>(5,686)</u>
	<u><u>51,027</u></u>	<u><u>66,551</u></u>	<u><u>117,578</u></u>

8. UNUTILISED FUNDING

Against deposits, prepayments and others - note 8.2	53,749
Cash grant from Government of Sindh	384,327
Grant receivable - note 8.3	(397,657)
	<u><u>40,419</u></u>

8.1

	Government of Sindh	Government of Sindh - through World Bank financing	Total
	← Rupees in '000 →		
Balance at the beginning of the period	-	-	-
Funding received during the period			
Cash	500,000	-	500,000
Allocation used	1,604,641	2,133,986	3,738,627
	<u>2,104,641</u>	<u>2,133,986</u>	<u>4,238,627</u>
Funding utilised during the period			
Capital expenditure	(51,027)	(66,551)	(117,578)
Revenue expenditure	(1,663,990)	(2,416,640)	(4,080,630)
	<u>(1,715,017)</u>	<u>(2,483,191)</u>	<u>(4,198,208)</u>
Balance at the end of the period	<u><u>389,624</u></u>	<u><u>(349,205)</u></u>	<u><u>40,419</u></u>

- 8.2 This represents payment made out of grant amount and will be charged off once utilised.
- 8.3 This represents revenue expenditure / capital expenditure incurred but not yet paid by the Company as at June 30, 2023 and will be funded from the grant.
- 8.4 The expenditures incurred have been allocated between GoS financing through World Bank and GoS on the basis of their payment account.

		2023 (Rupees in '000)
9.	ACCOUNTS PAYABLE	
	Creditors	281,954
	Accrued liabilities - note 9.1	99,266
	Gratuity payable	4,913
	Others	11,524
		<u>397,657</u>

- 9.1 This includes payable to Sindh Rural Support Organization, related party of the Company, amounting to Rs. 14.8 million.

		For the period October 19, 2022 to June 30, 2023 (Rupees in '000)
10.	FUNDING ACTIVITIES	
	Government of Sindh - through World Bank financing	2,416,640
	Government of Sindh	1,663,990
		<u>4,080,630</u>

11.	COST OF PROJECT	
	Payments to beneficiaries - first installment - note 11.1	2,029,800
	Payments to beneficiaries - second installment	125,200
	Implementation support costs through partner organizations	1,746,460
	Execution partner charges	53,308
	Environmental consultant charges	10,228
	Travelling cost for damage assessment	4,950
		<u>3,969,946</u>

- 11.1 This includes amount withheld by NBP amounting to Rs. 149.8 million. The withholding is a result of payment transactions facing processing challenges due to inaccuracies in the data submitted to the bank.

Sh

For the
period
October 19,
2022 to
June 30,
(Rupees in
'000)

12. GENERAL AND ADMINISTRATIVE EXPENSES

Salaries and other benefits	70,063
Depreciation and amortisation	5,686
Rent	6,597
Travelling and conveyance	3,750
Conferences	5,502
Legal and professional charges	6,677
Auditor's remuneration - note 12.1	4,400
Printing and stationary	1,945
Insurance	134
Utilities	1,156
Security	699
Repair and maintenance	110
Others	3,965
	<u>110,684</u>

12.1 Auditors' remuneration

Audit fee	4,000
Out of pocket expense	400
	<u>4,400</u>

13. FINANCIAL RISK MANAGEMENT

13.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost effective funding as well as managing financial risk to minimise volatility.

13.1.1 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
← Rupees in '000 →							
2023							
FINANCIAL ASSETS							
At amortised cost							
Deposits, prepayments and others	-	-	-	53,749	-	53,749	53,749
Balances with bank	-	-	-	384,327	-	384,327	384,327
	-	-	-	438,076	-	438,076	438,076
FINANCIAL LIABILITIES							
At amortised cost							
Accounts payable	-	-	-	397,657	-	397,657	397,657
	-	-	-	397,657	-	397,657	397,657

13.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or other counter parties to fulfil their contractual obligations resulting in financial loss to the Company. The credit risk of the Company is mainly the counterparty credit risk on bank balances.

Bank balances

Credit risk from bank deposits are managed by placing deposits with banks having sound credit ratings. The Company assesses the credit rating of banks before placing its funds. At reporting date the rating of bank with which Company has kept its surplus funds was as follows:

	Rating		Rating agency	2023 Rupees
	Short term	Long term		
National Bank of Pakistan	A-1+	AAA	PACRA	-
Sindh Bank Limited	A-1	A+	VIS	384,327

13.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Company's reputation.

The following are the contractual maturities of the non interest bearing financial liabilities:

Financial liabilities	Carrying amount	2023	
		One to two years (Rupees)	Two to five years
Accounts payable	397,657	-	-

Handwritten mark

14. RELATED PARTY TRANSACTIONS

Related parties include associated undertakings having common directors and government entities. Details of transactions with related parties are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the period and period end balances	2023 (Rupees in '000)
Sindh Rural Support Organization	Government entity	- Services received	<u>733,455</u>
		- Payments made	<u>718,654</u>
Government of Sindh Information Department	Government entity	- Services received	<u>546</u>
		- Payments made	<u>383</u>
Sindh Insurance Limited	Government entity	- Services received	<u>804</u>
		- Payments made	<u>804</u>

15. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration of Chief Executive, Directors and Executives are as follows:

	Chief Executive	Directors	Executives
	----- Rupees in '000 -----		
Managerial remuneration	18,044	-	31,760
Other perquisites and benefits	3,622	-	7,227
Directors' meeting fee	<u>1,050</u>	<u>5,450</u>	-
Total	<u>22,716</u>	<u>5,450</u>	<u>38,987</u>
Number of person(s)	<u>1</u>	<u>5</u>	<u>12</u>

15.1 The Chief Executive and Chief Operating Officer are also provided with Company maintained cars in accordance with the terms of employment.

16. NUMBER OF EMPLOYEES


2023

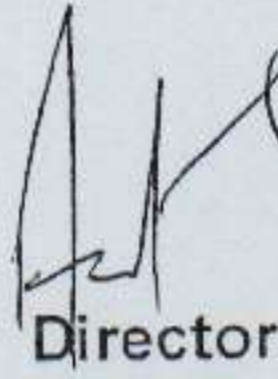
Number of employees including contractual employees at June 30

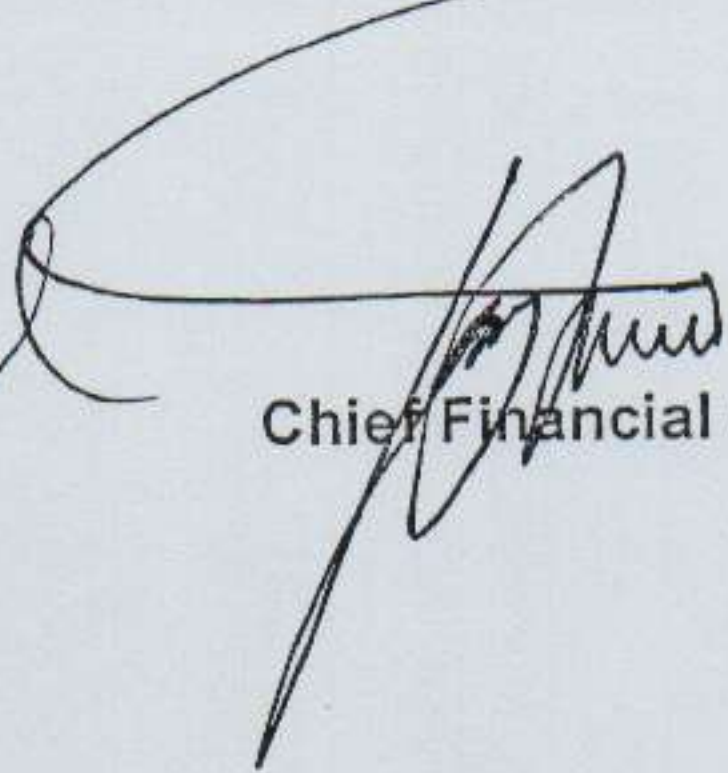
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17. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company on JANUARY 23, 2024

SP

Chief Executive Officer


Director


Chief Financial Officer

**INDEPENDENT AUDITOR'S REVIEW
REPORT
Sindh Peoples Housing For Flood Affectees**

**Review Report on the Statement of
Compliance with the Public Sector Companies
(Corporate Governance) Rules, 2013**



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sindh Peoples Housing For Flood Affectees

Review Report on the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Sindh Peoples Housing For Flood Affectees (the Company) for the period October 19, 2022 to June 30, 2023.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the period October 19, 2022 to June 30, 2023.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: 15 February 2024

UDIN: CR202310073QSYzqMFxT

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Government of Sindh
Sindh Peoples Housing for Flood Affectees
(SPHF)



SCHEDULE I

[See paragraph 2(1)]

Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company: Sindh Peoples Housing for Flood Affectees (SPHF)

Name of the line ministry: Implementation & Coordination (I&C), Services, General Administration and Coordination Department (SGA&CD), Government of Sindh

For the period ended: From October 19, 2022 to June 30, 2023

- i. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector Company is managed in compliance with the best practices of public sector governance.
- ii. The Company has complied with the provisions of the Rules in the following manner:

S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A																		
			Tick the relevant box																				
1	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																				
2	The Board has at least one-third of its total members as independent directors. At present the Board includes: <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Independent Director</td> <td>Sadiqa Salahuddin</td> <td>19-Oct-22</td> </tr> <tr> <td>Asadullah Sayeed</td> <td>19-Oct-22</td> </tr> <tr> <td>Executive Director</td> <td>Mr. Khalid Mehmood</td> <td>19-Oct-22</td> </tr> <tr> <td rowspan="3">Non-Executive Director</td> <td>Syed Hassan Naqvi</td> <td>19-Oct-22</td> </tr> <tr> <td>Najam Ahmed Shah</td> <td>19-Oct-22</td> </tr> <tr> <td>Mudassir Husain</td> <td>19-Oct-22</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Director	Sadiqa Salahuddin	19-Oct-22	Asadullah Sayeed	19-Oct-22	Executive Director	Mr. Khalid Mehmood	19-Oct-22	Non-Executive Director	Syed Hassan Naqvi	19-Oct-22	Najam Ahmed Shah	19-Oct-22	Mudassir Husain	19-Oct-22	3(2)	✓		
Category	Names	Date of appointment																					
Independent Director	Sadiqa Salahuddin	19-Oct-22																					
	Asadullah Sayeed	19-Oct-22																					
Executive Director	Mr. Khalid Mehmood	19-Oct-22																					
Non-Executive Director	Syed Hassan Naqvi	19-Oct-22																					
	Najam Ahmed Shah	19-Oct-22																					
	Mudassir Husain	19-Oct-22																					
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																				



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4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)		✓	
5	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓		
6	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓		
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)			✓
8	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website. (Address of website is www.Sphf.gos.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)		✓	✓
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)		✓	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b)(ii)		✓	
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5) (b)(vi)		✓	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5) (c)(ii)	✓		



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13	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5) (c)(iii) & 7		✓	
14	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)		✓	
15	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)		✓	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			✓
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)			✓
18	(a) The Board has met at least four times during the year.	6(1)	✓		
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)		✓	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)		✓	
19	The Government has undertaken annual performance evaluation of members of the Board including the chairman and the chief executive.	8(1)		✓	
20	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)		✓	
21	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		
22	(a) The Board has approved the Statement of profit or loss (formerly profit and loss account) and the Statement of Financial Position (formerly balance sheet), as at the end of, the first, second and third quarter of the year as well as the financial year end.	10		✓	
	(b) The Board has placed the annual financial statements on the Company's website.				✓



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23	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11		✓																
24	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors: <table border="1"><thead><tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr></thead><tbody><tr><td>Audit Committee</td><td>Three</td><td>Mr. Asad Ullah Sayeed</td></tr><tr><td>Human Resources Committee</td><td>Three</td><td>Mr. Mudassir Husain Khan</td></tr><tr><td>Procurement Committee</td><td>Three</td><td>Mr. Najam Ahmed Shah</td></tr><tr><td>Nomination Committee</td><td>Three</td><td>Ms. Sadiqa Salahuddin</td></tr></tbody></table>	Committee	Number of Members	Name of Chair	Audit Committee	Three	Mr. Asad Ullah Sayeed	Human Resources Committee	Three	Mr. Mudassir Husain Khan	Procurement Committee	Three	Mr. Najam Ahmed Shah	Nomination Committee	Three	Ms. Sadiqa Salahuddin	12	✓	✓	✓
Committee	Number of Members	Name of Chair																		
Audit Committee	Three	Mr. Asad Ullah Sayeed																		
Human Resources Committee	Three	Mr. Mudassir Husain Khan																		
Procurement Committee	Three	Mr. Najam Ahmed Shah																		
Nomination Committee	Three	Ms. Sadiqa Salahuddin																		
25	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																	
26	The Chief Financial Officer and the Company Secretary have requisite equalification prescribed in the Rules.	14	✓																	
27	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																	

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S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A											
			Tick the relevant box													
28	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓													
29	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	18	✓													
30	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the Company contains criteria and details of remuneration of each director.	19	✓		✓											
31	The financial statements of the Company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓													
32	The Board has formed an audit committee with majority members, including its chairman, being Independent Non-Executive Directors:	21 (1)		✓												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Name</th> <th style="width: 33%;">Designation</th> <th style="width: 33%;">Audit Committee</th> </tr> </thead> <tbody> <tr> <td>Asad Ullah Sayeed</td> <td>Independent Director</td> <td>Chairman</td> </tr> <tr> <td>Mudassir Husain Khan</td> <td>Non - Executive Director</td> <td>Member</td> </tr> <tr> <td>Najam Ahmed Shah</td> <td>Non - Executive Director</td> <td>Member</td> </tr> </tbody> </table>	Name	Designation	Audit Committee	Asad Ullah Sayeed	Independent Director	Chairman	Mudassir Husain Khan	Non - Executive Director	Member	Najam Ahmed Shah	Non - Executive Director	Member			
Name	Designation	Audit Committee														
Asad Ullah Sayeed	Independent Director	Chairman														
Mudassir Husain Khan	Non - Executive Director	Member														
Najam Ahmed Shah	Non - Executive Director	Member														
	The chief executive and chairman of the Board are not members of the audit committee.	21(2)	✓													
33	The Board has formed an audit committee, with defined and written terms of reference.	21(4)	✓													
34	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. (c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21(3)		✓												



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S. NO.	PROVISION OF THE RULES	RULE NO.	Y	N	N/A
			Tick the relevant box		
35	The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	✓ ✓ ✓		
36	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓		
37	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓		

(Handwritten signatures)

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SCHEDULE II

See Paragraph 2(3)

Explanation for Non-Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year]:

Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1.	3(7)	The Cabinet, by way of circulation, approved the proposals of I&C Wing, SGA&C Department (appointing authority). However, no confirmation regarding fit and proper criteria was received from the appointing authority.	Confirmation regarding fit and proper criteria from the appointing authority shall be obtained for appointment of directors.
2.	5(4)	The Company was incorporated on 19 October 2022; thus, policies are under consideration.	The company is in the process of developing policies and compliance will be ensured in FY- 2023-24.
3.	5(5)	The Company was incorporated on 19 October 2022, thus, policies are under consideration.	The company is in the process of developing policies and compliance will be ensured in FY- 2023-24.
4.	5(5)(b)(ii)	The Company was incorporated on 19 October 2022, thus, policies are under consideration.	The company is in the process of developing policies and compliance will be ensured in FY- 2023-24.
5.	5(5)(b)(vi)	The Company was incorporated on 19 October 2022, thus, policies are under consideration.	The company is in the process of developing policies and compliance will be ensured in FY- 2023-24.
6.	5(5)(c)(iii)	<p>The presentation to the board has been given in the meeting held on 23 January 2024 regarding all procurement made by the company along with their compliances with applicable rules and regulations. The expenditures related to the administrative expenditures are in accordance with the budgets approved by the Board.</p> <p>Further, the status of the Compliances to the applicable laws and regulations to the Company has also been presented to the Company.</p>	Timely compliance will be ensured in future.



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7.	5(6)	The Company was incorporated on 19 October 2022, thus formal vision and mission statement is under consideration.	The compliance will be ensured in FY- 2023-24.
8.	5(7)	The Company was incorporated on 19 October 2022, thus, policies are under consideration.	The company is in the process of developing policies and compliance will be ensured in FY- 2023-24.
9.	6(2)	Out of nine board meetings, first five Board meetings do not have appropriate circulation of notice and meeting agenda as there was no Company Secretary present at that time.	Compliance shall be made in FY- 2023-24.
10.	6(3)	Out of nine board meetings, first five Board meetings do not have appropriate circulation of minutes of the meeting as there was no Company Secretary at that time.	Compliance shall be made in FY- 2023-24.
11.	8(1)	The performance evaluation of members of the Board including the chairman and the chief executive has not been undertaken by the Government yet.	Compliance shall be made in FY- 2023-24.
12.	8(2)	The Company was incorporated on 19 October 2022, hence; the assessment of senior management's performance will be made in FY- 2023-24.	Compliance shall be made in FY- 2023-24.
13.	10	No material transactions took place in the 2 nd quarter; therefore, quarterly accounts were not approved by the Board. However, the board approved accounts from 3 rd quarter and onwards.	Compliance shall be made in FY- 2023-24.
14.	11	Orientation has been given to the directors in the first Board of Directors meeting regarding the Company's operations. However, orientation course has not been arranged by the Company for the directors.	The Company is considering for orientation course for the directors in FY-2023-24.
15.	21(1)	One of the independent directors declined to be the board member of the Company. Thus, a non-executive director was nominated in the Audit Committee.	The Board is in the process of inducting an independent director.



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16.	21(3)	<p>This is the first year of the Company's operations and in the meeting of the audit committee held on 23 January 2024, the External Auditors (A.F. Ferguson & Co.) and Internal Auditors (KPMG) have met the audit committee in the absence of Chief Financial Officer and Chief Executive Officer. The CFO of the company attended all the meetings of the audit committee.</p> <p>The Company's Internal audit function is outsourced to KPMG and there is no separate Chief Internal Auditor of the Company</p>	<p>In future it will be ensured that External Auditors and Internal auditors will be present in all audit committee meetings where accounts and audit will be discussed.</p>
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Signatures: _____

CEO & Chairman / Independent Director