

Riaz Ahmad & Company

Chartered Accountants

**CIVIL SOCIETY HUMAN AND
INSTITUTIONAL DEVELOPMENT
PROGRAMME**

AUDIT FOR THE YEAR ENDED

30 JUNE 2020

INDEPENDENT AUDITOR'S REPORT

To The Members of Civil Society Human and Institutional Development Programme

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME** (the Company), which comprise the statement of financial position as at 30 June 2020, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, 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, the income and expenditure statement, the statement of comprehensive income, the statement of changes in funds 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 30 June 2020 and of the surplus, other comprehensive income, the changes in funds and its cash flows for the year then ended.

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.

Emphasis of Matter

We draw attention to the matter discussed in note 1.1 to the accompanying financial statements, regarding pending application for renewal of license under section 42 of the Companies Act, 2017. The ultimate outcome of which cannot presently be determined. Our opinion is not modified in respect of this matter.

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 director's report, but does not include the financial statements and our auditor's report thereon.

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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.

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.



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- 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.

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.

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 income and expenditure statement, the statement of comprehensive income, the statement of changes in funds 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 year 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 Raheel Arshad.



RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD

Date: 28 DEC 2020



CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

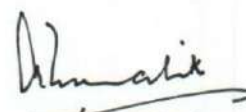
	NOTE	2020 Rupees	2019 Restated Rupees	2018 Restated Rupees
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	3	28,204,123	43,927,079	47,438,483
Right-of-use assets	4	-	-	-
Long term security deposits	5	99,900	99,900	823,900
		<u>28,304,023</u>	<u>44,026,979</u>	<u>48,262,383</u>
CURRENT ASSETS				
Advances	6	159,452	480,082	277,641
Security deposits and prepayments	7	101,785	1,113,047	174,864
Short term investment	8	14,234,000	14,366,622	13,671,328
Due from related parties	9	62,750,883	1,763,911	692,071
Receivable from donor agencies	18	13,091,762	6,486,518	3,811,593
Other receivables	10	1,978,666	505,951	721,927
Taxation recoverable - net	11	336,818	2,345,769	2,521,583
Cash and bank balances	12	15,593,548	23,018,385	10,505,258
		<u>108,246,914</u>	<u>50,080,285</u>	<u>32,376,265</u>
		<u>136,550,937</u>	<u>94,107,264</u>	<u>80,638,648</u>
TOTAL ASSETS				
FUNDS AND LIABILITIES				
FUNDS				
General fund		72,170,574	18,785,329	21,701,778
Endowment fund	13	34,956,235	34,956,235	34,956,235
Total funds		<u>107,126,809</u>	<u>53,741,564</u>	<u>56,658,013</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred liability - gratuity	14	8,933,217	9,001,707	7,510,154
Long term security deposit		-	-	750,000
Liabilities against assets subject to finance lease	15	-	-	1,312,960
Lease liability	16	-	-	-
Deferred capital grant	17	1,940,565	2,161,438	1,401,888
Restricted grants related to projects	18	2,000,000	19,029,293	8,185,707
		<u>12,873,782</u>	<u>30,192,438</u>	<u>19,160,709</u>
CURRENT LIABILITIES				
Current portion of liabilities against assets subject to finance lease	15	-	1,312,960	618,465
Accrued and other liabilities	19	16,550,346	8,860,302	4,201,461
		<u>16,550,346</u>	<u>10,173,262</u>	<u>4,819,926</u>
Total liabilities		<u>29,424,128</u>	<u>40,365,700</u>	<u>23,980,635</u>
CONTINGENCIES AND COMMITMENTS				
TOTAL FUNDS AND LIABILITIES	20	<u>136,550,937</u>	<u>94,107,264</u>	<u>80,638,648</u>

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



CHIEF EXECUTIVE OFFICER





DIRECTOR

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

NOTE	2020			2019		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
INCOME						
17	788,123	-	788,123	652,927	-	652,927
18	129,545,603	-	129,545,603	144,152,782	-	144,152,782
21	-	74,269,841	74,269,841	-	16,350,932	16,350,932
	130,333,726	74,269,841	204,603,567	144,805,709	16,350,932	161,156,641
EXPENDITURE						
22	(129,545,603)	-	(129,545,603)	(144,152,782)	-	(144,152,782)
3.7	(788,123)	-	(788,123)	(652,927)	-	(652,927)
23	-	(19,688,978)	(19,688,978)	-	(18,555,370)	(18,555,370)
24	-	(71,983)	(71,983)	-	(271,250)	(271,250)
	(130,333,726)	(19,760,961)	(150,094,687)	(144,805,709)	(18,826,620)	(163,632,329)
	-	54,508,880	54,508,880	-	(2,475,688)	(2,475,688)
25	-	(2,434,838)	(2,434,838)	-	(698,019)	(698,019)
	-	52,074,042	52,074,042	-	(3,173,707)	(3,173,707)

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



[Signature]
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

3 PROPERTY AND EQUIPMENT

Operating fixed assets
Capital work in progress - civil works
Advance against purchase of operating fixed assets

3.1 Operating fixed assets

Particulars	Owned						Leased Vehicles	Total
	Freehold land	Building	Electricity and gas equipment	Furniture and fixtures	Computer and accessories	Vehicles		
	Rupees							
As at 30 June 2018								
Cost	24,000,000	36,165,543	2,906,913	4,476,304	4,742,347	7,903,936	2,242,410	84,011,907
Accumulated depreciation	-	(22,005,287)	(2,754,315)	(2,780,136)	(4,618,419)	(5,165,974)	(242,928)	(38,925,424)
Net book value	24,000,000	14,160,256	1,52,598	1,696,168	123,928	2,737,962	1,999,482	45,086,483
Year ended 30 June 2019								
Opening net book value	24,000,000	14,160,256	1,52,598	1,696,168	123,928	2,737,962	1,999,482	45,086,483
Additions (Note 3.3)	-	14,500	15,300	1,295,467	87,210	-	-	1,412,477
Depreciation charge (Note 3.7)	-	(2,192,257)	(29,748)	(333,138)	(517,620)	(1,235,527)	(224,241)	(4,923,881)
Closing net book value	24,000,000	11,967,999	1,37,350	1,378,330	901,775	1,502,435	1,775,241	41,869,079
As at 30 June 2020								
Cost	24,000,000	36,165,543	2,921,413	4,491,604	6,037,814	7,903,936	2,242,410	85,424,384
Accumulated depreciation	-	(24,197,544)	(2,784,063)	(3,113,274)	(5,136,039)	(6,401,501)	(467,169)	(43,555,305)
Net book value	24,000,000	11,967,999	1,37,350	1,378,330	901,775	1,502,435	1,775,241	41,869,079
Year ended 30 June 2020								
Opening net book value	24,000,000	11,967,999	1,37,350	1,378,330	901,775	1,502,435	1,775,241	41,869,079
Additions (Note 3.3)	-	13,200	-	-	1,038,378	73,900	-	1,156,478
Transferred to right-of-use assets (Note 4 and 3.6)	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Disposals:								
Cost	(17,000,000)	(20,813,912)	(1,85,850)	(302,532)	(331,086)	-	-	(38,762,835)
Accumulated depreciation	-	10,233,507	1,85,850	256,148	331,086	-	-	11,136,046
Transferred from right-of-use assets (Note 4):								
Cost	-	(10,580,405)	-	(46,384)	-	-	-	(27,626,789)
Accumulated depreciation	-	-	-	-	-	2,940,000	-	2,940,000
Depreciation charge (Note 3.7)	-	(1,387,593)	(22,680)	(245,035)	(691,470)	(1,764,000)	(224,241)	(3,827,425)
Closing net book value	7,000,000	15,351,631	1,27,870	1,086,911	1,248,683	2,163,727	1,551,000	13,337,343
As at 30 June 2020								
Cost	7,000,000	15,351,631	2,748,763	4,189,072	6,745,106	10,917,836	2,242,410	50,760,027
Accumulated depreciation	-	(15,351,630)	(2,620,893)	(3,102,161)	(5,495,423)	(8,754,109)	(691,410)	(37,422,684)
Net book value	7,000,000	1,000,001	1,27,870	1,086,911	1,248,683	2,163,727	1,551,000	13,337,343
Depreciation percentage (%) per annum	10	10	10	10	30	20	10	10

3.2 It represents renovation expenditure incurred on office building by CHIP Training and Consulting (Private) Limited on behalf of the Company.

3.3 It includes assets purchased from deferred capital grant amounting to Rupees 867,250 (2019: Rupees 1,412,477).

3.4 Cost of assets include fully depreciated assets amounting Rupees 1,096,761 (2019: Rupees 1,039,386).

3.5 The half of the lease rentals related to leased vehicles are borne by the Company's employees under the Company's policy. Therefore, leased vehicles are depreciated at rate of 10 % per annum.

3.6 As on 01 July 2019, the Company has adopted IFRS 16, hence, leased assets have been classified as "Right-of-use assets".

3.7 Depreciation charged during the year has been allocated as follows:

NOTE	2020 Rupees	2019 Rupees
23	3,039,302	4,270,954
17	(788,123)	652,927
	2,251,179	4,923,881



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32 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, directors of the Company, their close relatives and key management personnel. Detail of transactions with related parties have been specifically disclosed in relevant notes to the financial statements.

33 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 28 DEC 2020 by the Board of Directors of the Company.

34 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant reclassification / rearrangement of corresponding figures has been made.

35 GENERAL

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE OFFICER




DIRECTOR