

FINANCIAL STATEMENTS OF

CIVIL SOCIETY HUMAN AND
INSTITUTIONAL DEVELOPMENT
PROGRAMME

FOR THE YEAR ENDED
JUNE 30, 2021

INDEPENDENT AUDITORS 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 June 30, 2021, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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 statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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, 2021 and of the surplus and other comprehensive income, changes in fund 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 Auditors 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 1.2 to the accompanying financial statements regarding pending application of 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 finding.

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Information Other than the Financial Statements and Auditors 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 auditors 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.

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 is responsible for overseeing the Company's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors 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 auditors 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 auditors 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 statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, 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). *Bdew.*



Other Matter

The financial statements of the Company for the year ended June 30, 2020 were audited by another firm of Chartered Accountants, who had expressed an unmodified opinion vide their report dated December 28, 2020.

The engagement partner on the audit resulting in this independent auditors' report is Iffat Hussain.

ISLAMABAD

DATED: 25 OCT 2021

Bdo ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Iffat Hussain

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	30,829,395	28,204,123
Long term security deposits	6	147,900	99,900
		<u>30,977,295</u>	<u>28,304,023</u>
CURRENT ASSETS			
Advances	7	580,239	159,452
Security deposits and short term prepayments	8	84,191	101,785
Short term investment	9	-	14,234,000
Due from related parties	10	80,000	100,000
Receivable from partners		1,194,577	-
Receivable from donor agencies	11	3,263,167	13,091,762
Other receivables	12	580,589	64,629,549
Taxation - net	13	-	336,818
Cash and bank balances	14	99,741,282	15,593,548
		<u>105,524,045</u>	<u>108,246,914</u>
TOTAL ASSETS		<u><u>136,501,340</u></u>	<u><u>136,550,937</u></u>
FUNDS AND LIABILITIES			
FUNDS			
General fund		73,262,850	72,170,574
Endowment fund	15	34,956,235	34,956,235
Total funds		<u>108,219,085</u>	<u>107,126,809</u>
NON-CURRENT LIABILITIES			
Deferred liability - gratuity	16	10,412,549	8,933,217
Deferred capital grant	17	1,785,609	1,940,565
Restricted grants related to projects	11	2,260,209	2,000,000
		<u>14,458,367</u>	<u>12,873,782</u>
CURRENT LIABILITIES			
Taxation - net	13	60,024	-
Accrued and other liabilities	18	13,763,864	16,550,346
		<u>13,823,888</u>	<u>16,550,346</u>
Total Liabilities		<u>28,282,255</u>	<u>29,424,128</u>
Contingencies and Commitments	19	-	-
TOTAL FUNDS AND LIABILITIES		<u><u>136,501,340</u></u>	<u><u>136,550,937</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
INCOME			
Amortization of restricted grants related to projects	11	95,152,732	129,545,603
Amortization of deferred capital grant	17	907,967	788,123
Other income	20	15,923,432	74,269,841
		<u>111,984,131</u>	<u>204,603,567</u>
EXPENDITURE			
Programme cost	21	(95,152,732)	(129,545,603)
Depreciation on restricted assets		(907,967)	(788,123)
Administrative cost	22	(14,261,030)	(19,688,978)
Finance cost	23	(38,201)	(71,983)
		<u>(110,359,930)</u>	<u>(150,094,687)</u>
SURPLUS BEFORE TAX		1,624,201	54,508,880
Taxation	24	(1,249,538)	(2,434,838)
SURPLUS AFTER TAX		<u>374,663</u>	<u>52,074,042</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

Review.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**


	2021 Rupees	2020 Rupees
SURPLUS AFTER TAXATION	374,663	52,074,042
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to income and expenditure	-	-
Remeasurement of defined benefit plan	717,613	1,311,203
Items that may be reclassified subsequently to income or expenditure	-	-
Other comprehensive income for the year	717,613	1,311,203
Total comprehensive income for the year	<u>1,092,276</u>	<u>53,385,245</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

Review -



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General fund	Endowment fund	Total
 Rupees		
Balance as at June 30, 2019 - restated	18,785,329	34,956,235	53,741,564
Surplus after taxation	52,074,042	-	52,074,042
Other comprehensive income for the year	1,311,203	-	1,311,203
	53,385,245	-	53,385,245
Balance as at June 30, 2020	72,170,574	34,956,235	107,126,809
Surplus after taxation	374,663	-	374,663
Other comprehensive income for the year	717,613	-	717,613
Total comprehensive income for the year	1,092,276	-	1,092,276
Balance as at June 30, 2021	<u>73,262,850</u>	<u>34,956,235</u>	<u>108,219,085</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

Review.



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before taxation	1,624,201	54,508,880
Adjustments for non cash items:		
Depreciation	4,941,475	3,827,425
Depreciation on right-of-use-assets	-	294,000
Lease liabilities written off	-	(1,380)
Other receivables written off	-	62,308
Provision for gratuity	2,196,945	2,533,855
Finance cost	38,201	71,983
Interest income	(1,985,712)	(1,417,739)
Interest income - restricted grant	112,819	
Return on investment	(879,992)	(1,023,715)
Gain on sale of property and equipment	(1,395,342)	(62,406,711)
Amortization of restricted grants related to projects	(95,152,732)	(129,545,603)
Adjustments of proceeds against payable	1,963,342	-
Adjustments in restricted grant	(471,241)	-
Amortization of deferred capital grant	(907,967)	(788,123)
	<u>(91,540,204)</u>	<u>(188,393,700)</u>
Cash used in operations before working capital changes	(89,916,003)	(133,884,820)
Working capital changes:		
Decrease / (increase) in current assets		
Receivable from partners	(1,194,577)	-
Due from related parties	20,000	(60,986,972)
Advances	(420,787)	320,630
Security deposits and short term prepayments	17,594	423,262
Other receivables	64,048,960	(1,535,023)
	<u>62,471,190</u>	<u>(61,778,104)</u>
Decrease / (increase) in current liabilities		
Accrued and other liabilities	(2,786,482)	7,690,045
	<u>59,684,708</u>	<u>(54,088,059)</u>
Cash used in operations	(30,231,295)	(187,972,879)
Finance cost paid	(38,201)	(71,983)
Gratuity paid	-	(1,291,142)
Income tax paid	(852,696)	(425,887)
	<u>(890,896)</u>	<u>(1,789,012)</u>
Cash used in operations	(31,122,191)	(189,761,891)

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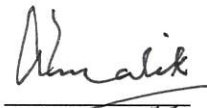
	2021 Rupees	2020 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on operating fixed assets	(23,001,527)	(1,158,478)
Decrease in capital work in progress	22,219,513	-
Proceed from sale of operating fixed assets	-	90,033,500
Additions in capital work in progress	(7,352,733)	(14,866,780)
Security deposits	(48,000)	-
Short term investment	14,234,000	(414,369)
Interest received	2,865,704	2,988,445
Net cash from investing activities	8,916,957	76,582,318
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant received for the acquisition of capital assets	753,011	567,250
Lease liabilities paid	-	(723,580)
Local contributions received	681,493	-
Restricted grants related to projects received - net	104,918,464	105,911,066
Net cash from financing activities	106,352,968	105,754,736
Net increase/(decrease) in cash and cash equivalents	84,147,734	(7,424,836)
Cash and cash equivalents at the beginning of the year	15,593,548	23,018,385
Cash and cash equivalents at the end of the year	99,741,282	15,593,548

The annexed notes from 1 to 36 form an integral part of these financial statements.

Review



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1 LEGAL STATUS AND OPERATIONS

- 1.1 Civil Society Human and Institutional Development Programme "the Company" was incorporated in Pakistan on 20 October 2004 as a Company limited by guarantee having no share capital, under Section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).

The Company took over all the assets, liabilities and business activities of SDC-CHIP on January 01, 2005. The principal activities of the Company are to focus on human and institutional development while working in the sectors of natural resource management, human rights, health, education, livelihood, water, sanitation, relief and rehabilitation, small enterprises and vocational skills.

The registered office of the Company is situated at CHIP House, Plot No. 5, Fayyaz Market, Street No. 9, G-8/2, Islamabad and field offices are located at Plot No.41 Woqla Colony, Near Ghora chowk, Layyah. Flat No 505, 5th Floor, Al-Ghafoor Vista, Near Sir Syed Marriage Lawn, Nazimabad No 1, Karachi. Masha Mansoor, Tehsil and District Lakki Marwat.

- 1.2 The Company's license under section 42 of the Companies Act, 2017 , issued by the Securities and Exchange Commission of Pakistan (SECP) expired on 19 October 2009. The company's application for the renewal of the license, to SECP , submitted in December 01, 2015, is awaiting clearance from the Ministry of Interior (MOI), Government of Pakistan.

SECP vide its letter CLD/CCD/CO.42/RN/64/2015-8429 dated August 24, 2020 stated that the matter has been forwarded to MOI, Government of Pakistan for obtaining necessary clearance regarding foreign funding / directors before grant of renewal of license under Section 42 of the Companies Act, 2017. As per the same letter existing license of the Company shall be deemed valid till the time the license is renewed. The management of the company is confident that the license will be renewed in due course.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Accounting standard for Not for Profit Organizations (Accounting Standard 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 or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention and on accrual basis of accounting except for the statement of cash flows or as otherwise stated, in the respective policies and notes given hereunder.

The Company has adopted deferral method of accounting for recognition and presentation of restricted/unrestricted grants, endowment fund and its net assets as per Accounting Standard for NPOs.

2.3 Functional and presentation currency

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
	Amendments to IFRS 14, IAS 1, IAS 8, IAS 37, IAS 38, IFRIC 19, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality.	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality.	January 01, 2020
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform. <i>Below -</i>	January 01, 2020

IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	June 01, 2020
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3.2 Amendments that are effective in current year and not relevant to the Company

		Effective date (annual periods beginning on or after)
	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRIC 12 and IFRIC 20 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business.	January 01, 2020

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year and not relevant to the Company:

		Effective date (annual periods beginning on or after)

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 41	Agriculture	January 01, 2020
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3.3 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IFRS 16	Leases - Extended practical relief regarding Covid - 19 related rent concessions <i>Believed.</i>	April 01, 2021

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2023
IAS 1	Presentation of Financial Statements - Disclosure of Accounting	January 01, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.	January 01, 2023
IAS 12	Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction.	January 01, 2023
IAS 16	Property, Plant and Equipment - Proceeds before intended use.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of fulfilling a contract.	January 01, 2022

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

		Effective date (annual periods beginning on or after)
Annual improvements to IFRSs (2018 – 2020) Cycle:		
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022

Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company expects that adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

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4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Operating fixed assets

Owned

Operating fixed assets are stated at cost less accumulated depreciation except freehold land which is stated at cost.

Depreciation is charged by applying the straight line method at the rates specified in note 5 to these financial statements, which are considered appropriate to write off the cost of the assets over their useful economic lives.

Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month preceding the month of disposal.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major repairs, if any, are capitalized. Gains / losses on disposal of assets are included in current year's

Leased

Assets subject to finance lease are initially recorded at lower of present value of minimum lease payments under the lease agreement and the fair value of leased assets. The related obligations under the lease less financial charges allocated to future periods are shown as liabilities. The finance charge is calculated at the rate implicit in the finance lease.

4.2 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such an indication exists the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in income and expenditure account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

4.3 Endowment fund

Endowment fund is established for the purpose of financial stability of the Company. Surplus fund after taxation is transferred to endowment fund in full or part as per decision of the Board of Directors of the Company on an annual basis.

4.4 General fund

The surplus / deficit for the year is accumulated to general fund.

Balance -

4.5 Gratuity

The Company operates an unfunded gratuity scheme for all its employees. Under this scheme, on completion of at least one year of service, the employee are entitled to a gratuity equal to one month basic salary for each completed year of service. For any additional service beyond one year the gratuity would be prorated if minimum three months have been completed for respective year.

4.6 Investment

The investments of the Company, upon initial recognition, are classified as investment at fair value through profit or loss, held to maturity investment or available for sale investment, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

When investments are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

4.7 Deferred capital grant

Deferred capital grant is recognized when operating fixed assets are purchased from donor's funds which is amortized over the useful life of the respective assets based on annual depreciation of respective assets.

4.8 Restricted grant

Restricted grant is recognized as income to the extent of expenditure incurred during the year. However unspent amount at year end is carried to "Restricted Grant".

4.9 Accrued and other liabilities

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

4.10 Revenue recognition

Grants other than grants for programs are recognized on receipt basis. Grants for programs are recognized to the extent the expenditure is incurred. Balance is represented as restricted grant.

Training fee, consultancy fee and are recognized on receipt basis.

Management fee has been charged as per budget agreed with the Donor.

Interest on investment is recognized on accrual basis.

4.11 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge of current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Provision

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income and expenditures statement, except to the extent that it relates to items recognized in other comprehensive income or directly in fund. In this case the tax is also recognized in other comprehensive income or directly in fund, respectively.

4.12 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

4.14 Transactions with related parties

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

4.15 Foreign currency translations

Transactions in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the balance sheet date. Profit and losses arising on translation are recognized in the income and expenditure account currently. All exchange difference are routed through income and expenditure statement.

4.16 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:

exercise its judgment in process of applying the Company's accounting policies, and use of certain critical accounting estimates and assumptions concerning the future.

Bdca

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:

a) Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Property, plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

Revised.

5 PROPERTY AND EQUIPMENT		Note	2021 Rupees	2020 Rupees
Operating fixed assets	5.1		30,829,395	13,337,343
Capital work in progress	5.2		30,829,395	14,866,780
			<u>30,829,395</u>	<u>28,204,123</u>

5.1 OPERATING FIXED ASSETS

Description	Free hold Land	Buildings	Electricity and gas equipment	Furniture And Fixtures	Computer and accessories	Vehicles	Office Equipment	Transformers	Sub Total	Leased Vehicles	Total
Net carrying value basis											
Year ended June 30, 2021	7,000,000	1	127,870	1,086,911	1,248,683	2,163,727	159,151	1,551,000	13,337,343	-	13,337,343
Operating book value	-	18,616,371	-	2,155,596	565,250	111,900	1,552,410	-	23,001,527	-	23,001,527
Additions (at cost)	5.3										
Disposals	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	(2,969,000)	-	-	(2,969,000)	-	(2,969,000)
Accumulated Depreciation	-	-	-	-	-	2,401,000	-	-	2,401,000	-	2,401,000
Depreciation charge	-	(1,861,637)	(33,190)	(458,492)	(872,971)	(568,000)	(441,462)	(224,241)	(568,000)	-	(568,000)
Closing net book value	7,000,000	16,754,735	94,680	2,784,015	940,962	658,145	1,270,099	1,326,759	30,829,395	-	30,829,395
Gross carrying value basis											
Year ended June 30, 2021	7,000,000	33,968,002	2,748,763	6,344,668	7,310,356	8,060,736	3,117,619	2,242,410	70,792,554	-	70,792,554
Cost/revalue	-	(17,213,267)	(2,654,083)	(3,560,653)	(6,369,394)	(7,402,591)	(1,847,520)	(915,651)	(39,963,159)	-	(39,963,159)
Accumulated depreciation	7,000,000	16,754,735	94,680	2,784,015	940,962	658,145	1,270,099	1,326,759	30,829,395	-	30,829,395
Net book value	-	-	-	-	-	-	-	-	-	-	-
Net carrying value basis											
Year ended June 30, 2020	24,000,000	11,967,999	137,350	1,378,330	901,775	1,502,435	205,949	1,775,241	41,869,079	2,058,000	43,927,079
Operating book value	-	-	13,200	-	1,038,378	73,900	33,000	-	1,158,478	-	1,158,478
Additions (at cost)	-	-	-	-	-	-	-	-	-	-	-
Transfer from right of use asset	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(2,940,000)	(2,940,000)
Disposals:	-	-	-	-	-	-	-	-	-	882,000	882,000
Cost	(17,000,000)	(20,813,912)	(1,85,850)	(302,532)	(331,086)	(7,402,591)	(1,847,520)	(915,651)	(38,762,835)	-	(38,762,835)
Accumulated Depreciation	(17,000,000)	10,233,507	185,850	256,148	331,086	658,145	1,270,099	1,326,759	11,136,046	-	11,136,046
Transfer from right of use asset	(17,000,000)	(10,580,405)	-	(46,384)	-	-	-	-	(27,626,789)	-	(27,626,789)
Cost	-	-	-	-	-	2,940,000	-	-	2,940,000	-	2,940,000
Accumulated Depreciation	-	-	-	-	-	(1,176,000)	-	-	(1,176,000)	-	(1,176,000)
Depreciation charge	-	(1,387,593)	(22,680)	(245,035)	(691,470)	1,764,000	(79,798)	(224,241)	1,764,000	-	1,764,000
Closing net book value	7,000,000	1	127,870	1,086,911	1,248,683	2,163,727	159,151	1,551,000	13,337,343	-	13,337,343
Gross carrying value basis	7,000,000	15,351,631	2,748,763	4,189,072	6,745,106	10,917,836	1,565,209	2,242,410	50,760,027	-	50,760,027
Year ended June 30, 2021	-	(15,351,630)	(2,620,893)	(3,102,161)	(5,496,423)	(8,754,109)	(1,406,058)	(691,410)	(37,422,684)	-	(37,422,684)
Cost/revalue	7,000,000	1	127,870	1,086,911	1,248,683	2,163,727	159,151	1,551,000	13,337,343	-	13,337,343
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
Net book value	-	-	-	-	-	-	-	-	-	-	-
Annual rate of depreciation (%)	-	10%	10%	10%	30%	20%	20%	10%	-	10%	-

5.2 It represents renovation expenditure incurred on office building by CHIP Training and Consulting (Private) Limited on behalf of the Company and adjusted against receivable balance.

5.3 It includes assets purchased from deferred capital grant amounting to Rs. 753,011 (2020: Rupees, 567,250)

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

	2021 Rupees	2020 Rupees
Administrative expenses	4,033,508	3,039,302
Depreciation on restricted assets	907,967	788,123
	<u>4,941,475</u>	<u>3,827,425</u>

11 RESTRICTED GRANTS RELATED TO PROJECTS

Donor	Project Title	Balance as at July 01, 2020		Movement in Funds during the year					Balance as at June 30, 2021	
		Grant payable	Grant receivable	Expenditures for the year	Funds received	Local contribution	Interest income	Adjustments	Grant payable	Grant receivable
Misereor	Promotion of Inclusive Community Development Through Local Human & Institutional Development	-	1,938,265	-	(1,938,265)	-	-	-	-	-
Misereor	Be the Change Makers: Unveil Talent and Facilitate Utilization of Opportunities for Communal and Individual Development (Note 11.1)	-	-	14,434,134	(11,999,300)	(681,493)	(103,610)	(9,125)	-	1,640,606
Handicap	Growing Together	-	4,173,109	-	(4,173,109)	-	-	-	-	-
UNICEF	Profiling and Evidence Generation to Accelerate Routine Immunization (RI) activities in Urban and Peri Urban slums of major cities of Pakistan	-	398,802	-	(398,802)	-	-	-	-	-
UNICEF	Social mobilization and community outreach activities to promote TCV vaccine and its uptake in TCV Campaign in all UCs of ICT/CDA, Islamabad	-	-	11,651,267	(11,651,267)	-	-	-	-	-
UNICEF	Social Mobilization and Community Outreach Activities to address Low uptake of RI in Rwp/Islamabad	-	-	2,468,266	(1,982,500)	-	-	-	-	485,766
GAVI	HSS II	-	-	42,885,402	(43,923,783)	-	-	-	(1,038,381)	-
GAVI	Technical Assistance Plan (Bridge Funding) (Note 11.2)	-	5,291,381	10,549,546	(16,321,293)	-	-	480,365	-	-
Sightsavers	Right to Health: Inclusive Eye Health (Note 11.3)	(2,000,000)	-	4,316,950	(4,500,000)	-	-	2,183,050	-	-
Sightsavers	The Right to Health: Breaking Down Barriers to Eye Health in South Asia	-	-	8,377,166	(7,415,945)	-	-	(2,183,050)	(1,221,830)	-
Sightsavers	Right to Health: Inclusive Eye Health	-	-	470,000	(614,200)	-	(9,209)	-	-	-
Emergencies & Humanitarian	Emergency and Humanitarian Fund	-	1,290,205	-	-	-	-	-	-	1,136,796
Total		(2,000,000)	13,091,762	95,152,732	(104,918,464)	(681,493)	(112,819)	471,240	(2,260,209)	3,263,167

Rupees

11.1 The local contribution represents funds raised by the communities from the forum of relevant CBOs for execution of construction project activities.

11.2 The adjustment represents exchange gain realized on income received on foreign currency exchange.

11.3 The adjustment represents funds relating to the Phase I of the project which have been transferred to Phase II after completion of Phase I.

Balances

	Note	2021 Rupees	2020 Rupees
12 OTHER RECEIVABLES			
Brien Holden Vision Institute		330,000	15,984
CHIP Training and Consulting (Private) Limited	12.1	250,589	62,650,883
Receivable from Projects:			
Light for the world		-	133,880
Federation Handicap International		-	56,254
Sightsavers		-	1,772,548
		<u>580,589</u>	<u>64,629,549</u>
12.1 CHIP Training and Consulting (Private) Limited			
Balance at the beginning of the year		62,650,883	1,763,911
Office rent, utilities and vehicle rent		-	3,272,491
Sale of land and building		-	90,000,000
Expense incurred on behalf of related party		-	215,261
		<u>62,650,883</u>	<u>95,251,663</u>
Less: Receipts during the year		(57,018,763)	(17,734,000)
Adjusted against capital work in progress	5.2	(5,381,531)	(14,866,780)
		<u>(62,400,294)</u>	<u>(32,600,780)</u>
Balance at end of the year		<u>250,589</u>	<u>62,650,883</u>
13 TAXATION - NET			
Opening balance		336,818	2,345,769
Less: Provision for taxation	24	(1,249,538)	(2,434,838)
		<u>(912,720)</u>	<u>(89,069)</u>
Income tax deducted at source		852,696	425,887
Closing balance		<u>(60,024)</u>	<u>336,818</u>
14 CASH AND BANK BALANCES			
Cash in hand		50,000	50,000
Cash at bank:			
Current accounts:			
Local currency		1,855,982	16,129
Foreign currency		2,469,771	2,479,915
<i>Balance -</i>		<u>4,325,753</u>	<u>2,496,044</u>

Savings accounts:

Local currency

Foreign currency

	89,663,758	7,663,930
	5,701,771	5,383,574
14.1	<u>95,365,529</u>	<u>13,047,504</u>
	<u>99,741,282</u>	<u>15,593,548</u>

- 14.1 Local savings accounts carry mark up ranging from (5.76% to 6.75%) per annum (2020: 10.28% to 11.88%) per annum and foreign savings accounts carry mark up ranging from (0% to 0.04%) per annum (2020: 0% to 0.04).

15 ENDOWMENT FUND

Endowment fund was established for the purpose of financial stability of the Company during the year ended 30 June 2005 as per decision of the Board of Directors of the Company.

	Note	2021 Rupees	2020 Rupees
16 DEFERRED LIABILITY - GRATUITY			
Opening balance		8,933,217	9,001,707
Current service cost	22.1	2,196,945	1,343,106
Interest cost		-	1,190,749
Remeasurement recognized in other comprehensive income		(717,613)	(1,311,203)
Benefits paid		-	(1,291,142)
	16.1	<u>10,412,549</u>	<u>8,933,217</u>

16.1 Staff retirement benefits - gratuity

General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2021 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Presently the Company is not exposed to asset volatility risk.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Bobrow -

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

	Note	2021 Rupees	2020 Rupees
16.2 Movement recognized in income and expenditure			
Current service cost		1,432,080	1,343,106
Interest cost for the year		1,008,577	1,190,749
		<u>2,440,657</u>	<u>2,533,855</u>

16.3 Movement recognized in statement of comprehensive income			
Actuarial (gains)/losses from changes in financial		10,740	(35,980)
Experience adjustments		(420,973)	(1,275,223)
		<u>(410,233)</u>	<u>(1,311,203)</u>

16.4 Significant actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

	2021	2020
Discount rate used for interest cost(%)	8.50%	14%
Discount rate used for year end obligation	10.00%	8.5%
Expected rate of increase in salary (%)		
Salary increase FY 2020	N/A	7.5%
Salary increase FY 2021	9.0%	7.5%
Salary increase FY 2022	9.0%	7.5%
Salary increase FY 2023	9.0%	7.5%
Salary increase FY 2024	9.0%	7.5%
Salary increase FY 2025	9.0%	7.5%
Salary increase FY 2026 onward	9.0%	7.5%
Next salary increased at	01-Jan-2022	01-Jan-2021
Expected mortality rate	SLIC 2001-2005	
Withdrawal rate	Age-based	Age-based
Retirement assumption	60	60
	Mortality rate	Withdrawal

16.5 Attained age

20	0.00094	51%
25	0.00103	34%

Behave

	Morality rate	Withdrawal
30	0.00119	24%
35	0.00149	15%
40	0.00208	8%
45	0.00322	4%
50	0.00538	2%
55	0.00915	2%
60	0.00000	0%

16.6 Sensitivity analysis

The calculation of the defined benefit obligations sensitive to the assumption set out above. The following table summaries how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one

	Increase in Assumption Rupees	Decrease in Assumption Rupees
Discount rate + 100 bps	9,683,552	8,265,600
Discount rate - 100 bps	11,228,481	9,682,802
Salary increase + 100 bps	11,228,481	9,682,802
Salary increase - 100 bps	9,670,794	8,253,772
	<u>41,811,308</u>	<u>35,884,976</u>

16.7 Expected Benefit Payments for the Next 10 Years and Beyond

FY 2022	653,556	-
FY 2023	707,437	519,783
FY 2024	743,545	508,502
FY 2025	765,736	516,448
FY 2026	793,197	525,443
FY 2027	1,413,302	531,065
FY 2028	887,339	544,932
FY 2029	12,922,024	1,061,503
FY 2030	1,166,861	604,334
FY 2031	607,536	11,857,977
FY 2032 onwards	54,734,838	307,105

Risk associated with the gratuity scheme

Through Its defined gratuity benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Review

Discount rate risk

The risk of change In discount rate, since discount rate is based on corporate / government bond, any decrease in bond yields will increase plan liabilities.

Salary increase / Inflation risk

The risk that actual salary increase is higher than expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an Impact on liability.

Mortality risk

The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.

Withdrawal risk

The risk of actual withdrawals experience may be different from that assumed in the calculation.

	Note	2021 Rupees	2020 Rupees
17 DEFERRED CAPITAL GRANT			
Opening balance		1,940,565	2,161,438
Grant from donors for capital expenditure	5	<u>753,011</u>	<u>567,250</u>
		2,693,576	2,728,688
Less: Amortization during the year	5.4	<u>907,967</u>	<u>788,123</u>
Closing balance	17.1	<u><u>1,785,609</u></u>	<u><u>1,940,565</u></u>

17.1 Deferred capital grant is amortized over the useful life of the donated operating fixed assets.

	Note	2021 Rupees	2020 Rupees
18 ACCRUED AND OTHER LIABILITIES			
Accrued liabilities		2,630,826	5,236,769
Advance rent received		165,000	150,000
Interest payable to UNICEF		-	227,873
Security deposits		100,000	100,000
Payable to suppliers	18.1	10,592,247	8,538,452
Employee contribution - leases	18.2	-	1,897,562
Income tax withheld		<u>275,791</u>	<u>399,690</u>
		<u><u>13,763,864</u></u>	<u><u>16,550,346</u></u>

Balloon

18.1 This represents payables to different suppliers on account of expenditures relating to the different projects during the year.

18.2 This represents employee share under employee car provision and ownership program, deducted from their salaries.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There was no contingent liability as at the balance sheet date. (2020: nil)

19.2 Commitments

There was no commitment as at the balance sheet date. (2020: nil)

	Note	2021 Rupees	2020 Rupees
20 OTHER INCOME			
Income from financial assets:			
Exchange gain		791,203	35,027
Interest income		1,985,712	1,417,739
Income on TDR's		879,992	1,023,715
Lease liabilities written back		-	1,380
		<u>3,656,907</u>	<u>2,477,861</u>
Income from non-financial assets:			
Building rent	20.1	1,245,000	2,047,200
Services (utilities, vehicles, generator etc.)		1,848,745	2,676,063
Project monitoring fee	20.2	7,254,776	4,096,042
Contribution from employees against vehicle lease		-	-
Gain on sale of fixed assets		1,395,342	62,406,711
Accountancy and consultancy service charges	20.3	240,000	240,000
Miscellaneous income		282,662	325,964
		<u>12,266,525</u>	<u>71,791,980</u>
		<u>15,923,432</u>	<u>74,269,841</u>

20.1 It includes an amount of Rupees 765,000 charged to Brien Holden Vision Institute on account of office rent.

20.2 This represents income charged to donors on account of follow up cost, monitoring and evaluation etc. of various projects. The fee has been charged at the rates ranging from 2% to 15% of the actual expenditure on specific projects.

20.3 This represents income earned against services provided to Uala Education Foundation (UEF), an associated company.

Review.

	Note	2021 Rupees	2020 Rupees
21 PROGRAMME COST			
Emergency and Humanitarian Fund - Emergencies and Humanitarian	21.1	470,000	1,502,322
Technical Assistance Plan - GAVI	21.2	10,549,546	5,291,381
Be the Change Makers: Unveil Talent and Facilitate Utilization of Opportunities for Communal and Individual	21.3	14,434,134	-
Social mobilization and community outreach activities to promote TCV vaccine and its uptake in TCV Campaign in all UCs of ICT/CDA, Islamabad	21.4	11,651,267	-
Social Mobilization and Community Outreach Activities to address Low uptake of RI in Rwp/Islamabad	21.5	2,468,266	-
HSS II-GAVI	21.2	42,885,402	-
Right to Health: Inclusive Eye Health	21.6	4,316,950	-
Right to Health: Inclusive Eye Health	21.7	8,377,167	-
Rehabilitation and Inclusion of PWDs in Ghanche - Light for the world		-	5,342,616
Purchase of Livestock - Caritas Austria		-	-
Promotion of Inclusive Community Development Through Local Human & Institutional Development - Misereor		-	25,219,713
Growing Together - Handicap international		-	58,457,725
Profiling and evidence generation to accelerate Routine Immunization (RI) activities in Urban and Peri Urban slums of major cities of Pakistan - Unicef		-	19,507,965
Vaccine Alliance - GAVI		-	13,804,507
Distribution of Ramadan Packages - UK Islamic Mission		-	-
Impact Evaluation of Rehabilitation and inclusion in Skardu		-	419,374
		<u>95,152,732</u>	<u>129,545,603</u>

21.1 This represents expenses incurred on emergency and humanitarian activities. Donations from individual philanthropists are used to carry on these activities.

21.2 This project is funded by GAVI. The purpose of this project is to improve the engagement between Federal & Provincial EPI (Expanded Programme on Immunization) cells & CSOs in order to increase coverage of routine immunization.

21.3 This project is funded by Misereor and implemented by CHIP in District Layyah of Punjab Province. The purpose of the project was to contribute to improving the social and economic conditions of marginalised population groups in rural areas of District Layyah.

Advised

- 21.4** This project is funded by UNICEF and implemented by CHIP in all union councils of Islamabad. The purpose of this project was to create awareness and increase understanding of caregivers of children (9m - 15 years) living in 30 zones of Islamabad regarding typhoid vaccination.
- 21.5** The project funded by UNICEF is aimed at identification, strengthening and engagement of local community structures to roll out social mobilization and community engagement activities to increase demand for routine immunization services.
- 21.6** This project is funded by Sightsavers to improve the quality of eye care service provision in the target districts of Pakistan.
- 21.7** This project is funded by Sightsavers to improve the quality of eye care service provision in the target districts of Pakistan.

Adoles.

	Note	2021 Rupees	2020 Rupees
22			
ADMINISTRATIVE COST			
Staff salaries and benefits	22.1	5,941,917	12,047,130
Staff life insurance		70,000	26,500
CHIP staff travelling, boarding and lodging		63,628	190,559
CHIP staff accomodation		-	81,872
Telephone and communications		106,106	239,301
Internet and postage		265,413	209,659
Utilities		522,938	1,094,741
Generator fuel and repairing		45,393	108,447
Stationery		54,106	54,779
Supplies		213,231	143,022
Repair and maintenance		523,058	404,290
Insurance		122,265	196,747
Security services		34,856	508,639
Depreciation		4,033,508	3,039,302
Depreciation on right-of-use assets		-	294,000
Property tax expense		36,119	36,119
Auditor's remuneration		225,000	155,000
Legal and professional fee		1,955,742	621,770
Other receivables written off		-	62,308
Miscellaneous		47,750	174,793
		<u>14,261,030</u>	<u>19,688,978</u>

22.1 This includes employees' retirement benefits of Rupees 2,196,945 in 2021.

	Note	2021 Rupees	2020 Rupees
23			
FINANCE COST			
Bank charges		<u>38,201</u>	<u>71,983</u>
24			
TAXATION			
Taxation:			
Current year		1,217,758	2,053,255
Prior year		31,780	381,583
		<u>1,249,538</u>	<u>2,434,838</u>

24.1 The provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit if any, or one percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

Below -

REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the financial statements for the year in respect of remuneration including benefits given to the Chief Executive and directors of the Company is as follows:

	2021		2020	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
Rupees.....			
Managerial remuneration	5,846,148	4,320,000	5,846,148	4,188,000
Benefits	724,056	510,600	724,056	495,192
	<u>6,570,204</u>	<u>4,830,600</u>	<u>6,570,204</u>	<u>4,683,192</u>
Number of persons	1	2	1	2

In addition, the Chief Executive has also been provided with Company maintained vehicle. No remuneration and benefits are paid to any of the directors of the Company.

26 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings of the Company comprise of subsidiaries, associated companies, directors and key management personnel. Transactions with related parties and associated undertaking involve service charges and the movements in current account. These transactions and balances, including remuneration to key management personnel under the terms of their employment are as follows:

- 26.1 There are no other transactions with key management personnel other than under their terms of employment and disclosed in note 25.

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company has exposures to the following risks from its use of financial instruments:

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Answer.

28 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

2021	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
-----Rupees-----					
Financial assets					
At amortized cost					
Due from related parties	80,000	-	-	-	80,000
Long term security deposits	147,900	-	-	-	147,900
Advances	580,239	-	-	-	580,239
Receivable from donor agencies	3,263,167	-	-	-	3,263,167
Receivable from partners	1,194,577	-	-	-	1,194,577
Other receivables	580,589	-	-	-	580,589
Cash and bank balances	99,741,282	95,365,529	-	95,365,529	4,375,753
	<u>105,587,754</u>	<u>95,365,529</u>	<u>-</u>	<u>95,365,529</u>	<u>10,222,225</u>
Financial liabilities					
At amortized cost					
Deferred grants	1,785,609	-	-	-	1,785,609
Accrued and other liabilities	13,763,864	-	-	-	13,763,864
Deferred liability - gratuity	10,412,549	-	-	-	10,412,549
Restricted grants related to projects	2,260,209	-	-	-	2,260,209
	<u>28,222,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,222,231</u>
On SOFP gap	<u>77,365,523</u>	<u>95,365,529</u>	<u>-</u>	<u>95,365,529</u>	<u>(18,000,006)</u>
-----Rupees-----					
2020	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
-----Rupees-----					
Financial assets					
At amortized cost					
Due from related parties	100,000	-	-	-	100,000
Long term security deposits	99,900	-	-	-	99,900
Advances	159,452	-	-	-	159,452
Receivable from donor agencies	13,091,762	-	-	-	13,091,762

2020

	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
-----Rupees-----					
Receivable from partners	-	-	-	-	-
Other receivables	64,629,549	-	-	-	64,629,549
Cash and bank balances	15,593,548	13,047,504	-	13,047,504	2,546,044
	<u>93,674,211</u>	<u>13,047,504</u>	<u>-</u>	<u>13,047,504</u>	<u>80,626,707</u>
Financial liabilities					
At amortized cost					
Deferred grants	1,940,565	-	-	-	1,940,565
Accrued and other liabilities	16,550,346	-	-	-	16,550,346
Deferred liability - gratuity	8,933,217	-	-	-	8,933,217
Restricted grants related to projects	2,000,000	-	-	-	2,000,000
	<u>29,424,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,424,128</u>
On SOFP gap	<u>64,250,083</u>	<u>13,047,504</u>	<u>-</u>	<u>13,047,504</u>	<u>51,202,579</u>

Review

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks from the use of its financial instruments:

- Credit risk
- Liquidity risk
- Market Risk

This note presents information about the Board's exposure to each of the above risks, the Board's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Board's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board's risk management policies are established to identify and analyze the risks faced by the Board, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Board's activities. The Board, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and

The Board of Directors of the Board oversees how management monitors compliance with the Board's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Board.

29.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as

	2021 Rupees	2020 Rupees
Advances	580,239	159,452
Security deposits and short term prepayments	84,191	101,785
Due from related parties	80,000	100,000
Receivable from partners	1,194,577	-
Receivable from donor agencies	3,263,167	13,091,762
Cash and bank balances	99,741,282	15,593,548
	<u>104,943,456</u>	<u>29,046,547</u>

Review.

To manage exposure to credit risk in respect of other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year, no assets have been impaired.

29.2 Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its financial obligations as they fall due. The Board'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, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Board's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
----- Rupees -----					
June 30, 2021					
Accrued and other liabilities	13,763,864	13,763,864	6,881,932	6,881,932	-
Deferred liability - gratuity	10,412,549	10,412,549	-	-	10,412,549
	<u>24,176,413</u>	<u>24,176,413</u>	<u>6,881,932</u>	<u>6,881,932</u>	<u>10,412,549</u>
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
----- Rupees -----					
June 30, 2020					
Accrued and other liabilities	16,550,346	16,550,346	8,275,173	8,275,173	-
Deferred liability - gratuity	8,933,217	8,933,217	-	-	8,933,217
	<u>25,483,563</u>	<u>25,483,563</u>	<u>8,275,173</u>	<u>8,275,173</u>	<u>8,933,217</u>

The Board believes that it is not exposed to any significant level of liquidity risk.

29.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Board's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other then the functional currency in which they are

Currency risk of the company can be evaluated from the following schedule:

	2021 Rupees	2020 Rupees
Name of Currency		
Cash at bank:		
Euro	2,469,771	2,479,915
GBP	5,701,771	5,383,574
	<u>8,171,542</u>	<u>7,863,489</u>

b) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and short term advances (receivable and payables) from related parties. At the statement of fiancial position date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2021	2020	2021	2020
	Effective rate		Carrying amount	
	In percent		Rupees	

Variable rate instruments

Financial assets

Cash and bank balances	5.76% to 6.75%	3.5% to 4%	<u>95,365,529</u>	<u>13,047,504</u>
			<u>95,365,529</u>	<u>13,047,504</u>

30 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Present -

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39. The carrying amount of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

June 30, 2021		June 30, 2020	
Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----			

Assets carried at amortised cost

Cash and bank balances	99,741,282	99,741,282	15,593,548	15,593,548
Receivable from donor agencies	3,263,167	3,263,167	13,091,762	13,091,762
Receivable from partners	1,194,577	1,194,577	-	-
Security deposits and short term prepayments	84,191	84,191	101,785	101,785
Advances	580,239	580,239	159,452	159,452
	<u>104,863,456</u>	<u>104,863,456</u>	<u>28,946,547</u>	<u>28,946,547</u>

Liabilities carried at amortized

Accrued and other liabilities	13,763,864	13,763,864	16,550,346	16,550,346
	<u>13,763,864</u>	<u>13,763,864</u>	<u>16,550,346</u>	<u>16,550,346</u>

Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by valuation method. The different values have been defined as follows:

Below.

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change occurred.

30.1 Determination of fair values

A number of the Company's accounting polices and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non-derivate financial asset

The fair value of non-derivate financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure

Non-derivate financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

31 TRANSACTION WITH RELATED PARTIES

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

32 NUMBER OF EMPLOYEES

	2021	2020
The number of employees as at year end	70	48
Average number of employees during the year	34	39

33 IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. Since March 2020, the Government of Pakistan announced temporary lock downs from time to time as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth continued its operations in order to maintain business performance despite slowed down economic activity.

Advers

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

34 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation and classification. Following major reclassifications has been made during the year:

Description	Reclassified from	Reclassified to	Amount Rupees
Receivables	Due from related party	Other receivables	62,650,883

35 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Civil Society Human and Institutional Development Programme on 25 OCT 2021.

36 GENERAL

Figures have been rounded off to the nearest rupee.

Babeo

CHIEF EXECUTIVE OFFICER

DIRECTOR