

FINANCIAL STATEMENTS OF

CIVIL SOCIETY HUMAN AND
INSTITUTIONAL DEVELOPMENT
PROGRAMME

FOR THE YEAR ENDED
JUNE 30, 2022



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, 2022, 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, 2022 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.

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.

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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 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.

Review.

- 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).

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

ISLAMABAD

DATED: 27 OCT 2022

UDIN: AR202210094mqbLkAXjR

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

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	27,025,978	30,829,395
Long term security deposits	6	305,900	147,900
		<u>27,331,878</u>	<u>30,977,295</u>
CURRENT ASSETS			
Advances	7	658,854	580,239
Short term prepayments	8	87,311	84,191
Due from related parties	9	40,000	80,000
Receivable from partners		-	1,194,577
Receivable from donors	10	15,143,123	3,263,167
Other receivables	11	76,760	580,589
Taxation - net	12	98,188	-
Cash and bank balances	13	109,613,564	99,741,282
		<u>125,717,800</u>	<u>105,524,045</u>
TOTAL ASSETS		<u><u>153,049,678</u></u>	<u><u>136,501,340</u></u>
FUNDS AND LIABILITIES			
FUNDS			
General fund		16,926,098	73,262,850
Endowment fund	14	97,362,946	34,956,235
		<u>114,289,044</u>	<u>108,219,085</u>
NON-CURRENT LIABILITIES			
Deferred liability - gratuity	15	6,543,790	10,412,549
Deferred capital grant	16	1,359,321	1,785,609
Restricted grants related to projects	10	22,947,195	2,260,209
		<u>30,850,306</u>	<u>14,458,367</u>
CURRENT LIABILITIES			
Taxation - net	12	-	60,024
Accrued and other liabilities	17	7,910,328	13,763,864
TOTAL FUNDS AND LIABILITIES		<u><u>153,049,678</u></u>	<u><u>136,501,340</u></u>
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 33 form an integral part of these financial statements.

Review.


CHIEF EXECUTIVE OFFICER


DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
INCOME			
Amortization of restricted grants related to projects	10	160,387,372	95,152,732
Amortization of deferred capital grants	16	622,937	907,967
Other income	19	18,827,833	15,923,432
		<u>179,838,142</u>	<u>111,984,131</u>
EXPENDITURE			
Programme cost	20	(161,003,779)	(95,152,732)
Depreciation on restricted assets		(622,937)	(907,967)
Administrative cost	21	(10,736,254)	(14,261,030)
Finance cost	22	(60,099)	(38,201)
		<u>(172,423,069)</u>	<u>(110,359,930)</u>
SURPLUS BEFORE TAX		7,415,073	1,624,201
Taxation	23	(1,273,612)	(1,249,538)
SURPLUS AFTER TAX		<u><u>6,141,461</u></u>	<u><u>374,663</u></u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Revised

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
Surplus after taxation		6,141,461	374,663
Other comprehensive (loss)/income:			
Items that will not be reclassified to income and expenditure:			
Remeasurement of defined benefit plan	15	(71,502)	717,613
Total comprehensive income for the year		<u>6,069,959</u>	<u>1,092,276</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Refer.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General fund	Endowment fund	Total
Note	----- Rupees -----		
Balance as at July 01, 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
Balance as at June 30, 2021	73,262,850	34,956,235	108,219,085
Surplus after taxation	6,141,461	-	6,141,461
Other comprehensive loss for the year	(71,502)	-	(71,502)
Transfer	14 (62,406,711)	62,406,711	
Balance as at June 30, 2022	<u>16,926,098</u>	<u>97,362,946</u>	<u>114,289,044</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

Review

DIRECTOR

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		7,415,073	1,624,201
Adjustments for non cash items	24	(161,211,477)	(91,540,203)
		<u>(153,796,404)</u>	<u>(89,916,002)</u>
Changes in working capital:			
Decrease / (increase) in current assets:			
Receivable from partners		1,194,577	(1,194,577)
Due from related parties		40,000	20,000
Advances		(78,615)	(420,787)
Short term prepayments		(3,120)	17,594
Other receivables		503,829	64,048,960
(Decrease) / increase in current liabilities			
Accrued and other liabilities		(5,853,536)	(2,786,482)
		<u>(4,196,865)</u>	<u>59,684,708</u>
Cash used in operations		<u>(157,993,268)</u>	<u>(30,231,294)</u>
Finance cost paid		(60,099)	(38,201)
Gratuity paid		(6,108,187)	-
Income tax paid		(1,431,824)	(852,695)
		<u>(7,600,110)</u>	<u>(890,896)</u>
Net cash used in operations		<u>(165,593,378)</u>	<u>(31,122,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(196,649)	(23,001,527)
Capital work in progress		-	22,219,513
Additions in capital work in progress		-	(7,352,733)
Security deposits		158,000	(48,000)
Short term investment		-	14,234,000
Interest received		7,178,768	2,865,704
Net cash generated from investing activities		<u>7,140,119</u>	<u>8,916,957</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received for the acquisition of capital assets		-	753,011
Local contributions received		712,936	681,493
Restricted grants related to projects received - net		167,612,605	104,918,464
Net cash generated from financing activities		<u>168,325,541</u>	<u>106,352,968</u>
Net increase in cash and cash equivalents		<u>9,872,282</u>	<u>84,147,734</u>
Cash and cash equivalents at the beginning of the year		<u>99,741,282</u>	<u>15,593,548</u>
Cash and cash equivalents at the end of the year		<u><u>109,613,564</u></u>	<u><u>99,741,282</u></u>

The annexed notes from 1 to 33 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER

Review.


DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1 LEGAL STATUS AND OPERATIONS

- 1.1 Civil Society Human and Institutional Development Programme "the Company" was incorporated in Pakistan on October 20, 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 office is located at Plot No.41 Woqla Colony, Near Ghora chowk, Layyah.

- 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 in October 19, 2009. The company's application for the renewal of the license, to SECP , submitted in November 2015, is awaiting clearance from the Ministry of Interior (MOI), Government of Pakistan.

SECP vide its letter CLD/CCD/CO.42/RN/64/2015-667 dated September 07, 2017 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. 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 standards 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.

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 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	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
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Review.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

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

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 income.

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

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

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.

Advised

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

a) Current

The grant income of the Company is exempt from tax under clause 58 of Second Schedule of the Income Tax Ordinance, 2001. The provision for current taxation is based on other taxable income at the current rates of taxation after taking into account tax credit available, if any, or one percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

b) Deferred

Deferred tax is computed using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

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.

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.

Reverse.

5 OPERATING FIXED ASSETS

Description	Free hold Land	Buildings	Electricity and gas equipment	Furniture And Fixtures	Computer and accessories	Vehicles	Office Equipment	Transformers	Total
Year ended June 30, 2022									
Net carrying value basis									
Opening 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
Additions (at cost)	-	-	-	-	196,649	-	-	-	196,649
Depreciation charge	-	(1,861,637)	(32,550)	(457,892)	(436,028)	(565,514)	(422,203)	(224,241)	(4,000,065)
Closing net book value	7,000,000	14,893,098	62,130	2,326,123	701,583	92,631	847,896	1,102,518	27,025,978
Gross carrying value basis									
Cost	7,000,000	33,968,002	2,748,763	6,344,668	7,507,005	8,060,736	3,117,619	2,242,410	70,989,203
Accumulated depreciation	-	(19,074,904)	(2,686,633)	(4,018,545)	(6,805,422)	(7,968,105)	(2,269,723)	(1,139,892)	(43,963,225)
	7,000,000	14,893,098	62,130	2,326,123	701,583	92,631	847,896	1,102,518	27,025,978
Year ended June 30, 2021									
Net carrying value basis									
Opening book value	7,000,000	-	127,870	1,086,911	1,248,683	2,163,727	159,151	1,551,000	13,337,343
Additions (at cost)	-	18,616,371	-	2,155,596	565,250	111,900	1,552,410	-	23,001,527
Disposals:									
Cost	-	-	-	-	-	(2,969,000)	-	-	(2,969,000)
Accumulated depreciation	-	-	-	-	-	2,401,000	-	-	2,401,000
Depreciation charge	-	(1,861,637)	(33,190)	(458,492)	(872,971)	(1,049,482)	(441,462)	(224,241)	(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	(4,941,475)
Gross carrying value basis									
Cost	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
Accumulated depreciation	-	(17,213,267)	(2,654,083)	(3,560,653)	(6,369,394)	(7,402,591)	(1,847,520)	(915,651)	(39,963,159)
	7,000,000	16,754,735	94,680	2,784,015	940,962	658,145	1,270,099	1,326,759	30,829,395
Annual rate of depreciation (%)									
	-	10	10	10	30	20	20	10	10

5.1 Computers and accessories includes scanner and printer purchased from deferred capital grant.

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

	2022	2021
	Rupees	Rupees
Administrative expenses	3,377,128	4,033,508
Depreciation on restricted assets	622,937	907,967
	<u>4,000,065</u>	<u>4,941,475</u>

As seen.

	Note	2022 Rupees	2021 Rupees
6			
LONG TERM SECURITY DEPOSITS			
Security deposits:			
Filling stations		158,000	-
IESCO		86,000	86,000
Office rental security		48,000	48,000
Internet services		13,900	13,900
		<u>305,900</u>	<u>147,900</u>
7			
ADVANCES			
Unsecured - considered good			
Advances against expenses to:			
- Employees		658,854	523,829
- Field offices		-	56,410
		<u>658,854</u>	<u>580,239</u>
8			
SHORT TERM PREPAYMENTS			
Prepaid insurance		62,058	62,058
Prepaid expense		25,253	22,133
		<u>87,311</u>	<u>84,191</u>
9			
DUE FROM RELATED PARTIES			
Related party due to common directorship			
Ujala Education Foundation	9.1	<u>40,000</u>	<u>80,000</u>
9.1	It represents receivable in respect of accounting and consultancy services provided to Ujala Education Foundation, by the Company. Maximum amount due from them at the end of any month during the year was Rs. 100,000 (2021: Rs.180,000). <i>Revised.</i>		

RESTRICTED GRANTS RELATED TO PROJECTS

Donor	Project Title	Balance as at July 01, 2021		Movement in Funds during the year							Balance as at June 30, 2022	
		Grant payable	Grant receivable	Funds received	Expenditures for the year	Transferred to capital grant	Local contribution	Interest income	Adjustments	Returned to donor	Grant payable	Grant receivable
Bill & Melinda Gates Foundation	Empowering Mothers-to-be in South Khyber Pakhtunkhwa Province of Pakistan	-	-	(23,765,000)	7,864,971	35,751	-	-	-	-	(15,864,278)	-
Misereor	Be the Change Makers: Unveil Talent and Facilitate Utilization of Opportunities for Communal and Individual Development (Note 11.1)	-	1,640,606	(17,951,370)	16,548,208	-	(712,936)	(215,928)	-	-	(691,420)	-
UNICEF	Social Mobilization and Community Outreach Activities to address Low uptake of RI in Kwp/Islamabad	-	485,766	(17,812,356)	14,859,751	-	-	-	-	331,911	(2,134,928)	-
GAVI	HSS II	(1,038,381)	-	(41,346,269)	50,481,989	-	-	-	-	-	-	8,097,340
TAC International	Strengthening Maternal and Newborn Health Care in Punjab	-	-	-	3,101,618	-	-	-	-	-	-	3,101,618
Sightsavers	Inclusive Census Campaign	-	-	(1,657,407)	100,000	-	-	-	-	-	(1,557,407)	-
Sightsavers	Right to Health: Inclusive Eye Health	(1,221,828)	-	(12,745,978)	13,806,908	160,898	-	-	-	-	-	-
Sightsavers	Future Makers	-	-	(2,000,000)	2,123,259	-	-	-	-	-	-	123,259
Water Aid Pakistan	Developing Muzaffargarh as WASH Secure District	-	-	(35,478,625)	39,299,531	-	-	-	-	-	-	3,820,906
Water Aid Pakistan	Improved OHS and WASH Services for Sanitation Workers in MC Muzaffargarh-Punjab	-	-	(8,428,400)	8,428,400	-	-	-	-	-	-	-
Water Aid Pakistan	WASH Secure Muzaffargarh	-	-	(5,350,500)	2,843,834	-	-	-	-	-	(2,506,666)	-
Water Aid Pakistan	Improved OHS and WASH Services for Sanitation Workers in MC Muzaffargarh-Punjab	-	-	(564,500)	372,004	-	-	-	-	-	(192,496)	-
Emergencies & Humanitarian	Emergency and Humanitarian Fund	-	1,136,795	(512,200)	556,899	-	-	(44,699)	(1,136,795)	-	-	-
Total		(2,260,209)	3,263,167	(167,612,605)	160,387,372	196,649	(712,936)	(260,627)	(1,136,795)	331,911	(22,947,195)	15,143,123

Bal 2022

	Note	2022 Rupees	2021 Rupees
11 OTHER RECEIVABLES			
Brien Holden Vision Institute - rentals		-	330,000
CHIP Training and Consulting (Private) Limited	11.1	-	250,589
Receivable from WAP		76,760	-
		<u>76,760</u>	<u>580,589</u>
11.1 CHIP Training and Consulting (Private) Limited			
Opening balance		250,589	62,650,883
Less:			
Receipts during the year		(175,000)	(57,018,763)
Adjusted against capital work in progress		-	(5,381,531)
Write off during the year		(75,589)	-
		<u>(250,589)</u>	<u>(62,400,294)</u>
Closing balance		<u>-</u>	<u>250,589</u>
12 TAXATION - NET			
Opening balance		(60,024)	336,819
Provision for taxation	23	(1,273,612)	(1,249,538)
		<u>(1,333,636)</u>	<u>(912,719)</u>
Income tax paid during the year		1,431,824	852,695
Closing balance		<u>98,188</u>	<u>(60,024)</u>
13 CASH AND BANK BALANCES			
Cash in hand		50,000	50,000
Cash at bank:			
Current accounts:			
Local currency		4,102,141	1,855,982
Foreign currency		2,817,637	2,469,771
		<u>6,919,778</u>	<u>4,325,753</u>
Savings accounts:			
Local currency		96,110,535	89,663,758
Foreign currency		6,533,251	5,701,771
	13.1	<u>102,643,786</u>	<u>95,365,529</u>
		<u>109,613,564</u>	<u>99,741,282</u>

13.1 Local savings accounts carry mark up ranging from (5% to 6%) per annum (2021: 5.76% to 6.75%) per annum and foreign saving accounts carry mark up ranging from (0.01% to 0.04%) per annum (2021: 0.01% to 0.04%).

Balances

14 ENDOWMENT FUND

Endowment fund was established for the purpose of the financial stability of the Company during the year ended June 30, 2005, as per the decision of the Board of Directors of the Company, amounting to Rs.34.856 million. Later on, the Company had received proceeds against the sale of the property amounting to Rs. 62.406 million, which has been transferred to the endowment fund.

	Note	2022 Rupees	2021 Rupees
15 DEFERRED LIABILITY - GRATUITY			
Opening balance		10,412,549	8,933,217
Current service cost	21.1	2,167,926	2,196,945
Remeasurement recognized in other comprehensive income		71,502	(717,613)
Benefits paid		<u>(6,108,187)</u>	<u>-</u>
Closing balance		<u>6,543,790</u>	<u>10,412,549</u>

15.1 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, 2022 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.

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.

Advised.

	2022 Rupees	2021 Rupees
15.2 Movement recognized in income and expenditure statement		
Current service cost	1,432,080	1,283,932
Interest cost for the year	735,846	913,013
	<u>2,167,926</u>	<u>2,196,945</u>

15.3 Movement recognized in statement of comprehensive income

Actuarial (gains)/losses from changes in financial assumptions	16,367	10,740
Experience adjustments	55,135	(728,353)
	<u>71,502</u>	<u>(717,613)</u>

15.4 Significant actuarial assumptions

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

	2022	2021
Discount rate used for interest cost(%)	10.00%	8.50%
Discount rate used for year end obligation	13.25%	10.00%
Expected rate of increase in salary (%)		
Salary increase FY 2022	N/A	9.0%
Salary increase FY 2023	12.25%	9.0%
Salary increase FY 2024	12.25%	9.0%
Salary increase FY 2025	12.25%	9.0%
Salary increase FY 2026	12.25%	9.0%
Salary increase FY 2027	12.25%	9.0%
Salary increase FY 2028 onward	12.25%	9.0%
Next salary increased at	01-Jan-23	01-Jan-22

Expected mortality rate SLIC 2001-2005

Withdrawal rate	Age-based	Age-based
Retirement assumption	60	60

15.5 Attained age

	Mortality rate	Withdrawal
20	0.00094	51%
25	0.00103	34%
30	0.00119	24%
35	0.00149	15%

Review.

	Morality rate	Withdrawal
40	0.00208	8%
45	0.00322	4%
50	0.00538	2%
55	0.00915	2%
60	0.00000	0%

15.6 Sensitivity analysis

The calculation of the defined benefit obligations sensitive to the assumption set out above. The following table summarizes 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 percent.

	Increase in Assumption Rupees	Decrease in Assumption Rupees
Discount rate + 100 bps	6,028,172	9,683,552
Discount rate - 100 bps	7,132,074	11,228,481
Salary increase + 100 bps	7,132,074	11,228,481
Salary increase - 100 bps	6,019,498	9,670,794
	<u>26,311,818</u>	<u>41,811,308</u>

15.7 Expected Benefit Payments for the Next 10

FY 2023	582,976	707,437
FY 2024	690,843	743,545
FY 2025	637,533	765,736
FY 2026	661,600	793,197
FY 2027	1,744,853	1,413,302
FY 2028	746,316	887,339
FY 2029	1,018,475	12,922,024
FY 2030	1,521,027	1,166,861
FY 2031	925,663	607,536
FY 2032	13,685,061	13,685,061
FY 2033 onwards	85,727,605	41,049,777

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:

Discount rate risk

The risk of change In discount rate, since discount rate a 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 end impact on liability.

Mortality risk

The risk that the actual mortality experience is lighter than that of expended 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	2022 Rupees	2021 Rupees
16 DEFERRED CAPITAL GRANT			
Opening balance		1,785,609	1,940,565
Grant from donors for capital expenditure	5	196,649	753,011
		<u>1,982,258</u>	<u>2,693,576</u>
Less: amortization during the year	5.2	(622,937)	(907,967)
Closing balance	16.1	<u>1,359,321</u>	<u>1,785,609</u>

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

	Note	2022 Rupees	2021 Rupees
17 ACCRUED AND OTHER LIABILITIES			
Payable to suppliers	17.1	5,535,019	10,592,247
Accrued liabilities		1,219,910	2,630,826
Income tax withheld		689,887	275,791
Security deposits		453,000	100,000
Sales tax withheld		12,512	-
Advance rent received		-	165,000
		<u>7,910,328</u>	<u>13,763,864</u>

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

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There was no contingency as at the balance sheet date. (2021: nil)

18.2 Commitments

There was no commitment as at the balance sheet date. (2021: nil)

Review

	Note	2022 Rupees	2021 Rupees
19 OTHER INCOME			
Income from financial assets:			
Exchange gain		1,173,712	791,203
Interest income		7,178,768	1,985,712
Income on TDR's		-	879,992
		8,352,480	3,656,907
Income from non-financial assets:			
Building rent	19.1	1,369,500	1,245,000
Services (utilities, vehicles rentals etc.)		632,500	1,848,745
Project monitoring fee	19.2	8,167,510	7,254,776
Gain on sale of fixed assets		-	1,395,342
Accountancy and consultancy service charges	19.3	240,000	240,000
Miscellaneous income		65,843	282,662
		10,475,353	12,266,525
		18,827,833	15,923,432

19.1 This amount represents rentals charged to Brien Holden Vision Institute against building rent.

19.2 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 15% of the actual expenditure for BMGF, GAVI and TAC Internationals whereas, Rs. 690,000 annually is charged on WAP projects.

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

	Note	2022 Rupees	2021 Rupees
20 PROGRAMME COST			
Emergency and Humanitarian Fund - Emergencies and Humanitarian - CHIP	20.1	1,173,306	470,000
Technical Assistance Plan - GAVI	20.2	-	10,549,546
Be the Change Makers: Unveil Talent and Facilitate Utilization of Opportunities for Communal and Individual Development - Misereor	20.3	16,548,208	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 - UNICEF	20.4	-	11,651,267

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	Note	2022 Rupees	2021 Rupees
Social Mobilization and Community Outreach Activities to address Low uptake of RI in Rwp/Islamabad - UNICEF	20.5	14,859,751	2,468,266
HSS II-GAVI	20.2	50,481,989	42,885,402
The Right to Health: Breaking Down Barriers to Eye Health in South Asia - Sightsavers	20.6	13,806,908	4,316,950
Right to Health: Inclusive Eye Health - Sightsavers	20.7	-	8,377,167
Empowering Mothers-to-be in South Khyber Pakhtunkhwa Province of Pakistan - Bill and Malinda Gates Foundation	20.8	7,864,971	-
Strengthening Maternal and Newborn Health Care in Punjab - TAC Internationals	20.9	3,101,618	-
Inclusive Census Campaign - Sightsavers		100,000	-
Future Makers - Sightsavers	20.10	2,123,259	-
Developing Muzaffargarh as WASH Secure District - Water Aid Pakistan	20.11	39,299,531	-
Improved OHS and WASH Services for Sanitation Workers in MC Muzaffargarh- Punjab - Water Aid Pakistan	20.12	8,428,400	-
WASH Secure Muzaffargarh - Water Aid Pakistan	20.11	2,843,834	-
Improved OHS and WASH Services for Sanitation Workers in MC Muzaffargarh- Punjab - Water Aid Pakistan	20.12	372,004	-
		<u>161,003,779</u>	<u>95,152,732</u>

- 20.1 This represents expenses incurred on emergency and humanitarian activities. Donations from individual philanthropists are used to carry on these activities.
- 20.2 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.
- 20.3 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 marginalized population groups in rural areas of District Layyah.
- 20.4 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 (9 months - 15 years) living In 30 zones of Islamabad regarding typhoid vaccination.

Review

- 20.5 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.
- 20.6 This project is funded by Sightsavers to improve the quality of eye care service provision in the target districts of Pakistan.
- 20.7 This project is funded by Sightsavers to improve the quality of eye care service provision in the target districts of Pakistan.
- 20.8 The project is funded by Bill and Malinda Gates for empowering mothers-to-be in South Khyber Pakhtunkhwa province of Pakistan and to enhance service uptake for maternal and child health, including routine immunization, in Khyber Pakhtunkhwa.
- 20.9 The project is funded by TAC Internationals for strengthening maternal and newborn health care in Punjab and to set the project output indicators, situations analysis and baseline survey will be conducted for knowing current situations of over all situations of maternal and newborn healthcare, maternal and newborn health care service at primary and secondary health care centers, knowledge and skills relating to maternal and newborn health care in communities and supervision and monitoring of maternal and newborn health care in the province and districts.
- 20.10 The project is funded by Sightsavers to improve focus on economic employment including both waged and self-employed for the youth with disabilities in Pakistan.
- 20.11 The project is funded by WaterAid to improve poor and vulnerable communities in district Muzaffargarh impacted by extreme climate risks and disasters are strengthened through climate resilient, inclusive and sustainable water and sanitation services and better planning at community and government level.
- 20.12 Local communities and government have the climate resilient water supply services and systems for sustaining the ODF environment in Muzaffargarh.

	Note	2022 Rupees	2021 Rupees
21 ADMINISTRATIVE COST			
Staff salaries and benefits	21.1	3,733,505	5,941,917
Depreciation		3,377,128	4,033,508
Receivable from donors written off	21.2	1,136,795	-
Repair and maintenance		1,151,353	523,058
Legal and professional fee		212,650	1,955,742
Auditors remuneration	21.3	257,500	225,000
Insurance		124,800	122,265
Security services		103,458	34,856
Supplies		99,521	213,231
<i>Balances</i>			

	2022 Rupees	2021 Rupees
CHIP staff travelling, boarding and lodging	98,702	63,628
Telephone and communications	74,708	106,106
Stationery	53,741	54,106
Utilities	44,322	522,938
Internet and postage	24,022	265,413
Generator fuel and repairing	26,757	45,393
Property tax expense	36,119	36,119
Publication and advertisement	29,925	-
Fees and subscription	14,700	-
Staff life insurance	-	70,000
Miscellaneous	136,548	47,750
	<u>10,736,254</u>	<u>14,261,030</u>

21.1 This includes employees' retirement benefits of Rs. 2.167 million (2021: Rs. 2.196 million).

21.2 Emergency and humanitarian activities project is operated by the entity itself and donations are received from individual philanthropists. Receivable balance of Rs. 1.136 million against such donors have been written off during the year as the management has assessed that these funds will not be recovered.

	2022 Rupees	2021 Rupees
21.3 Auditors remuneration		
Audit fee	253,000	220,400
Out of pocket expenses	4,500	4,600
	<u>257,500</u>	<u>225,000</u>

22 FINANCE COST

Bank charges	<u>60,099</u>	<u>38,201</u>
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23 TAXATION

Taxation-current	<u>1,273,612</u>	<u>1,249,538</u>
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23.1 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.

	2022 Rupees	2021 Rupees
24 ADJUSTMENT OF NON-CASH ITEMS		
Depreciation	4,000,065	4,941,475
Provision for gratuity	2,167,926	2,196,945
Finance cost	60,099	38,201
Interest income	(7,178,768)	(1,985,712)
Interest income - restricted grant	(260,627)	112,819
Return on investment	-	(879,992)
Gain on sale of property, plant and equipment	-	(1,395,342)
Amortization of restricted grants related to projects	(160,387,372)	(95,152,732)
Adjustments of proceeds against rentals	(126,659)	1,963,342
Adjustments in restricted grant	-	(471,240)
Receivables write off	1,136,795	-
Amortization of deferred capital grant	(622,937)	(907,967)
	<u>(161,211,477)</u>	<u>(91,540,203)</u>

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022				2021			
	Chief Executive Officer	Directors	Executives	Total	Chief Executive Officer	Directors	Executives	Total
	----- (Rupees) -----							
Managerial remuneration	4,763,074	-	4,584,000	9,347,074	5,846,148	-	4,320,000	10,166,148
Festive allowance	577,796	-	541,404	1,119,200	724,056	-	510,600	1,234,656
	<u>5,340,870</u>	<u>-</u>	<u>5,125,404</u>	<u>10,466,274</u>	<u>6,570,204</u>	<u>-</u>	<u>4,830,600</u>	<u>11,400,804</u>
Number of persons	1	7	2	10	1	7	2	10

In addition, the Chief Executive has also been provided with the 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 involving service charges are disclosed in note 9. Moreover, transactions and balances with key management personnel under the terms of their employment are disclosed in note 25.

Balance

27 FINANCIAL ASSETS AND LIABILITIES

	Interest/mark up bearing				
	Total	Maturity up to one year	Maturity after one year	Sub-total	Not interest / mark up bearing
-----Rupees-----					
2022					
Financial assets					
Due from related parties	40,000	-	-	-	40,000
Long term security deposits	305,900	-	-	-	305,900
Advances	658,854	-	-	-	658,854
Receivable from donor agencies	15,143,123	-	-	-	15,143,123
Cash and bank balances	109,613,564	102,643,786	-	102,643,786	6,969,778
	125,761,441	102,643,786	-	102,643,786	23,117,655
Financial liabilities					
Accrued and other liabilities	7,207,929	-	-	-	7,207,929
Deferred liability - gratuity	6,543,790	-	-	-	6,543,790
	13,751,719	-	-	-	13,751,719
Total gap	112,009,722	102,643,786	-	102,643,786	9,365,936

Balance.

	Interest/mark up bearing				Not interest / mark up bearing
	Total	Maturity up to one year	Maturity after one year	Sub-total	
-----Rupees-----					
2021					
Financial assets					
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
	105,587,754	95,365,529	-	95,365,529	10,222,225
Financial liabilities					
Accrued and other liabilities	13,488,073	-	-	-	13,488,073
Deferred liability - gratuity	10,412,549	-	-	-	10,412,549
	23,900,622	-	-	-	23,900,622
Total gap	81,687,132	95,365,529	-	95,365,529	(13,678,397)

Review

28 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 Company's exposure to each of the above risks, the Company'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 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 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 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.

28.1 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 under:

	2022 Rupees	2021 Rupees
Long term security deposits	305,900	147,900
Advances	658,854	580,239
Due from related parties	40,000	80,000
Receivable from partners	-	1,194,577
Receivable from donors	15,143,123	3,263,167
Bank balances	109,563,564	99,691,282
	<u>125,711,441</u>	<u>104,957,165</u>

As seen.

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.

28.2 Liquidity risk

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

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
----- Rupees -----					
2022					
Financial Liabilities					
Accrued and other liabilities	7,910,328	7,910,328	3,955,164	3,955,164	-
Deferred liability gratuity	6,543,790	6,543,790	-	-	6,543,790
	<u>14,454,118</u>	<u>14,454,118</u>	<u>3,955,164</u>	<u>3,955,164</u>	<u>-</u>

Adsen

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
	----- Rupees -----				
2021					
Financial Liabilities					
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>

28.3 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 Company'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 measured.

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

	2022 Rupees	2021 Rupees
Name of Currency		
Cash at bank:		
Euro	2,817,637	2,469,771
GBP	6,533,251	5,701,771
	<u>9,350,888</u>	<u>8,171,542</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 financial position date the interest rate profile of the Company's interest bearing financial instruments is as follows:

2022	2021	2022	2021
Effective rate		Carrying amount	
In percent		Rupees	

Variable rate instruments

Financial assets

Cash and bank balances	5% to 6%	5.76% to 6.75%	102,643,786	95,365,529
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29 FAIR VALUE MEASUREMENT

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.

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, 2022		June 30, 2021	
Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----			

Assets carried at amortized cost

Cash and bank balances	109,613,564	109,613,564	99,741,282	99,741,282
Long term security deposits	305,900	305,900	147,900	147,900
Receivable from donors	15,143,123	15,143,123	3,263,167	3,263,167
Receivable from partners	-	-	1,194,577	1,194,577
Advances	658,854	658,854	580,239	580,239
	<u>125,721,441</u>	<u>125,721,441</u>	<u>104,927,165</u>	<u>104,927,165</u>

Liabilities carried at amortized cost

Accrued and other liabilities	<u>7,910,328</u>	<u>7,910,328</u>	<u>13,763,864</u>	<u>13,763,864</u>
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Interest rate used for determining fair

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.

False.

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:

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 inputs).

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

29.1 Determination of fair values

A number of the Company's accounting policies 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 purposes.

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.

30	NUMBER OF EMPLOYEES	2022	2021
	The number of employees as at year end	<u>57</u>	<u>70</u>
	Average number of employees during the year	<u>66</u>	<u>34</u>

Review.

31 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the year.

32 DATE OF AUTHORIZATION

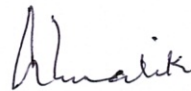
These financial statements have been authorized for issue by the Board of Directors of the Civil Society Human and Institutional Development Programme on 27 OCT 2022.

33 GENERAL

Figures have been rounded off to the nearest rupee.



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