

FINANCIAL STATEMENTS OF

CIVIL SOCIETY HUMAN AND INSTITUTIONAL  
DEVELOPMENT PROGRAMME (CHIP)

FOR THE YEAR ENDED  
JUNE 30, 2023

## 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, 2023, 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, 2023 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.

#### 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

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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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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: 06 OCTOBER 2023  
UDIN: AR202310094Jv2TsNul

*Bdo ebrahim & co.*  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS  
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**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	5	23,918,058	27,025,978
Long term security deposits	6	217,900	305,900
		<u>24,135,958</u>	<u>27,331,878</u>
<b>CURRENT ASSETS</b>			
Advances	7	949,460	658,854
Short term prepayments	8	49,125	87,311
Due from related parties	9	120,000	40,000
Short term investments	10	70,000,000	-
Receivable from donors	11	7,047,814	15,143,123
Other receivables	12	749,178	76,760
Taxation - net	13	1,685,795	98,188
Cash and bank balances	14	39,321,714	109,613,564
		<u>119,923,086</u>	<u>125,717,800</u>
		<u>144,059,044</u>	<u>153,049,678</u>
<b>TOTAL ASSETS</b>			
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
General fund		21,205,554	16,926,098
Endowment fund	15	105,157,392	97,362,946
		<u>126,362,946</u>	<u>114,289,044</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability - gratuity	16	7,317,652	6,543,790
Deferred capital grant	17	1,274,398	1,359,321
Restricted grants related to projects	11	6,149,988	22,947,195
		<u>14,742,038</u>	<u>30,850,306</u>
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	18	2,954,060	7,910,328
		<u>2,954,060</u>	<u>7,910,328</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u>144,059,044</u>	<u>153,049,678</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	19		

The annexed notes from 1 to 34 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>INCOME</b>			
Amortization of restricted grants related to projects	11	104,846,650	160,387,372
Amortization of deferred capital grants	17	378,875	622,937
Other income	20	19,494,039	18,827,833
		<u>124,719,564</u>	<u>179,838,142</u>
<b>EXPENDITURE</b>			
Programme cost	21	(104,846,650)	(161,003,779)
Depreciation on restricted assets		(378,875)	(622,937)
Administrative cost	22	(14,116,951)	(10,736,254)
Finance cost	23	(36,154)	(60,099)
		<u>(119,378,630)</u>	<u>(172,423,069)</u>
<b>SURPLUS BEFORE TAX</b>		5,340,934	7,415,073
Taxation	24	(2,013,716)	(1,273,612)
<b>SURPLUS AFTER TAX</b>		<u>3,327,218</u>	<u>6,141,461</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

  
DIRECTOR

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Note</b>	<b>2023 Rupees</b>	<b>2022 Rupees</b>
Surplus after taxation		3,327,218	6,141,461
Other comprehensive (loss)/income:			
Items that will not be reclassified to income and expenditure:			
Remeasurement of defined benefit plan	16	952,238	(71,502)
Total comprehensive income for the year		<u>4,279,456</u>	<u>6,069,959</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>General fund</b>	<b>Endowment fund</b>	<b>Total</b>
Note	----- Rupees -----		
Balance as at June 30, 2022	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)
Transferred to endowment fund	15 (62,406,711)	62,406,711	-
Balance as at June 30, 2022	16,926,098	97,362,946	114,289,044
Total comprehensive income:			
Surplus after taxation	3,327,218	-	3,327,218
Other comprehensive income for the year	952,238	-	952,238
Transferred to endowment fund	15 4,279,456	7,794,446	7,794,446
Balance as at June 30, 2023	21,205,554	105,157,392	126,362,946

The annexed notes from 1 to 34 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus before taxation		5,340,934	7,415,073
Adjustments for non cash items	25	<u>(108,663,810)</u>	<u>(161,211,477)</u>
		(103,322,876)	(153,796,404)
<b>Changes in working capital:</b>			
<b>Decrease / (increase) in current assets:</b>			
Receivable from partners		-	1,194,577
Due from related parties		(80,000)	40,000
Advances		(290,606)	(78,615)
Short term prepayments		38,186	(3,120)
Other receivables		(672,418)	503,829
<b>(Decrease) / increase in current liabilities</b>		<u>(4,956,268)</u>	<u>(5,853,536)</u>
Accrued and other liabilities		(5,961,106)	(4,196,865)
Net cash used in operations		<u>(109,283,981)</u>	<u>(157,993,268)</u>
Finance cost paid		(36,154)	(60,099)
Gratuity paid		(538,331)	(6,108,187)
Income tax paid		<u>(3,601,323)</u>	<u>(1,431,824)</u>
		(4,175,808)	(7,600,110)
Net cash used in operating activities		<u>(113,459,789)</u>	<u>(165,593,378)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(302,952)	(196,649)
Sale proceeds from disposal of fixed assets		6,150,500	-
Security deposits		88,000	158,000
Short term investment		(70,000,000)	-
Interest received		13,977,270	7,178,768
Net cash (used in) /generated from investing activities		<u>(50,087,182)</u>	<u>7,140,119</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant received for the acquisition of capital assets		293,952	-
Local contributions received		1,268,150	712,936
Restricted grants related to projects received - net		91,693,019	167,612,605
Net cash generated from financing activities		<u>93,255,121</u>	<u>168,325,541</u>
Net (decrease)/increase in cash and cash equivalents		<u>(70,291,850)</u>	<u>9,872,282</u>
Cash and cash equivalents at the beginning of the year		109,613,564	99,741,282
Cash and cash equivalents at the end of the year		<u><u>39,321,714</u></u>	<u><u>109,613,564</u></u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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.

However, vide SECP letter no. CLD/CCD/CO.42/RN/64/2015-8429 dated August 24, 2020, which directs that the existing licence of Not for Profit Organizations shall be deemed valid for the purpose of Association and Not for Profit Objects Regulations, 2018, till the time the licence is renewed. Hence, existing licence of the Company is valid keeping in view aforementioned directions of the Commission.

**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

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- 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, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
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.

## 1.2 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.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements January 01, 2024

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions January 01, 2024

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 1 'Presentation of Financial Statements' - Non-current liabilities with covenants January 01, 2024

Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements January 01, 2024

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 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar January 01, 2023

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 to be transferred to endowment fund in full or part as per decision of the Board of Directors of the Company on an annual basis.

Interest income earned on TDRs invested and saving accounts from endowment fund is initially recognized as restricted fund and then utilized for emergency and humanitarian fund as per the decision of the Board. Any unspent interest income is recognized as endowment contributions.

#### **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.

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.

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#### **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.

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5 OPERATING FIXED ASSETS

Description	Free hold	Buildings	Electricity and gas equipment	Furniture And Fixtures	Computer and accessories	Vehicles	Office Equipment	Transformers	Total
	Land								
<b>Year ended June 30, 2023</b>									
<b>Net carrying value basis</b>									
Opening book value	7,000,000	14,893,098	62,130	2,326,123	701,583	92,631	847,896	1,102,518	27,025,979
Additions (at cost)	-	-	9,000	-	293,952	-	-	-	302,952
Disposals:									
Cost	-	-	-	-	-	5,090,612	-	-	5,090,612
Accumulated Depreciation	-	-	-	-	-	(5,090,612)	-	-	(5,090,612)
Depreciation charge	-	(1,861,637)	(24,890)	(457,892)	(388,649)	(31,360)	(422,203)	(224,241)	(3,410,872)
Closing net book value	7,000,000	13,031,461	46,240	1,868,231	606,886	61,271	425,693	878,277	23,918,058
<b>Gross carrying value basis</b>									
Cost	7,000,000	33,968,002	2,757,763	6,344,668	7,800,957	2,970,124	3,117,619	2,242,410	66,201,543
Accumulated depreciation	-	(20,936,541)	(2,711,523)	(4,476,437)	(7,194,071)	(2,908,853)	(2,691,926)	(1,364,133)	(42,283,485)
	7,000,000	13,031,461	46,240	1,868,231	606,886	61,271	425,693	878,277	23,918,058
<b>Year ended June 30, 2022</b>									
<b>Net carrying value basis</b>									
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
<b>Gross carrying value basis</b>									
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
<b>Annual rate of depreciation (%)</b>	-	10	10	10	30	20	20	10	

5.1 Computers and accessories includes laptops and printers purchased from deferred capital grant.

5.2 Fully depreciated assets amounted to Rs. 31.811 million.

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

	2023	2022
Administrative expenses	Rupees 3,031,997	Rupees 3,377,128
Depreciation on restricted assets	378,875	622,937
	<u>3,410,872</u>	<u>4,000,065</u>
		<i>Balance</i>

	Note	2023 Rupees	2022 Rupees
<b>6</b>			
<b>LONG TERM SECURITY DEPOSITS</b>			
Security deposits:			
Filling stations		30,000	158,000
IESCO		86,000	86,000
Office rental security		88,000	48,000
Internet services		13,900	13,900
		<u>217,900</u>	<u>305,900</u>
<b>7</b>			
<b>ADVANCES</b>			
Unsecured - considered good			
Advances against expenses to employees		<u>949,460</u>	<u>658,854</u>
<b>8</b>			
<b>SHORT TERM PREPAYMENTS</b>			
Prepaid insurance		16,846	62,058
Prepaid expense		32,279	25,253
		<u>49,125</u>	<u>87,311</u>
<b>9</b>			
<b>DUE FROM RELATED PARTIES</b>			
<b>Related party due to common directorship</b>			
Ujala Education Foundation	9.1	<u>120,000</u>	<u>40,000</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 any time during the year was Rs. 120,000 (2022: Rs.100,000).		
<b>10</b>			
<b>SHORT TERM INVESTMENT</b>			
Investment in TDRs of Habib Bank Limited bearing a profit of 15% per annum (2022: Nil). The maturity date of these TDRs is January 05, 2024.			

## II RESTRICTED GRANTS RELATED TO PROJECTS

Donor	Project Title	Balance as at July 01, 2022					Movement in Funds during the year					Balance as at June 30, 2023		
		Grant payable	Grant receivable	Funds received	Expenditures for the year	Transferred to capital grant	Local contribution	Interest income	Advance tax deducted (11.2)	Returned to donor	Grant payable	Transfer to endowment fund	Grant receivable	
Bill & Melinda Gates Foundation	Empowering Mothers-to-be in South Khyber Pakhtunkhwa Province of Pakistan	(15,864,278)	-	(2,867,500)	17,302,153	-	-	(481,720)	-	-	(1,911,345)	-	-	
Misereor	Be the Change Makers: Unveil Talent and Facilitate Utilization of Opportunities for Communal and Individual Development (Note 1.1.1)	(691,420)	-	(12,070,250)	16,463,456	-	(1,268,150)	(302,185)	-	-	-	-	2,131,451	
UNICEF	Social Mobilization and Community Outreach Activities to address Low uptake of RT in Rwp/Islamabad	(2,134,928)	-	-	-	-	-	-	-	-	-	-	-	
GAVI	HSS II Community Led Engagement for Reducing Gender & Equity Gaps for Childhood Immunization	-	8,097,340	(8,097,340)	-	-	-	-	-	-	(2,134,928)	-	-	
GAVI	Engagement for Reducing Gender & Equity Gaps for Childhood Immunization	-	-	(4,956,000)	9,681,749	186,921	-	-	-	-	-	-	4,912,670	
TAC International	Strengthening Maternal and Newborn Health Care in Punjab	-	3,101,618	(12,074,779)	7,764,683	-	-	-	1,208,478	-	-	-	-	
Sightsavers	Inclusive Census Campaign	(1,557,407)	-	-	1,557,407	-	-	-	-	-	-	-	-	
Sightsavers	Right to Health: Inclusive Eye Health	-	-	-	-	-	-	-	-	-	-	-	-	
Sightsavers	Future Makers	-	123,259	(19,431,244)	17,375,457	-	-	-	-	-	(1,932,528)	-	-	
Sightsavers	Inclusive Eye Health	-	-	(1,200,000)	1,039,760	107,031	-	-	-	-	(53,209)	-	-	
Water Aid Pakistan	Developing Muzaffargarh as WASH Secure District	-	3,820,906	(3,820,906)	-	-	-	-	-	-	-	-	-	
Water Aid Pakistan	WASH Secure Muzaffargarh	(2,506,666)	-	(24,459,500)	26,848,188	-	-	-	-	-	(117,978)	-	-	
Water Aid Pakistan	Improved OHS and WASH Services for Sanitation Workers in MC Muzaffargarh- Punjab	(192,496)	-	(2,715,500)	2,911,689	-	-	-	-	-	-	-	3,693	
United Genes s & Humanitari	Emergency Humanitarian Fund	-	-	-	3,902,108	-	-	(11,696,554)	-	-	-	-	7,794,446	
<b>Total</b>		<b>(22,947,195)</b>	<b>15,143,123</b>	<b>(91,693,019)</b>	<b>104,846,650</b>	<b>293,952</b>	<b>(1,268,150)</b>	<b>(12,480,459)</b>	<b>1,208,478</b>	<b>-</b>	<b>(6,149,988)</b>	<b>7,794,446</b>	<b>7,047,814</b>	

11.1 As per agreement with Misereor, 6% of the total amount of project will be contributed by the local communities from the forum of relevant CBOs for execution of project activities related to construction of project activities.  
 11.2 Tax deducted by donor (TAC International) from grant which was reflected in advance tax of the company Aesoo.

# 11 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 Rwp/islamabad	-	485,766	(17,812,356)	14,859,751	-	-	-	-	331,911	(2,134,928)	-
GAVI	HSSI 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 Muzaffargarh Secure	-	-	(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)	-
Emergency s & Humanitarian	Emergency and Humanitarian Fund	-	1,136,795	(512,200)	556,899	-	-	(44,699)	(1,136,795)	-	-	-
<b>Total</b>		(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

Rupees

Balance

	Note	2023 Rupees	2022 Rupees
<b>12 OTHER RECEIVABLES</b>			
Brien Holden Vision Institute - rentals		30,000	-
CHIP Training and Consulting (Private) Limited	12.1	-	-
Receivable from WaterAid Pakistan		-	76,760
Accrued Income		719,178	-
		<u>749,178</u>	<u>76,760</u>
<b>12.1 CHIP Training and Consulting (Private) Limited</b>			
Opening balance		-	250,589
Less:			
Receipts during the year		-	(175,000)
Adjusted against capital work in progress		-	-
Write off during the year		-	(75,589)
		-	(250,589)
Closing balance		-	-
<b>13 TAXATION - NET</b>			
Opening balance		98,188	(60,024)
Provision for taxation	24	(2,013,716)	(1,273,612)
		(1,915,528)	(1,333,636)
Income tax paid during the year		3,601,323	1,431,824
Closing balance		<u>1,685,795</u>	<u>98,188</u>
<b>14 CASH AND BANK BALANCES</b>			
Cash in hand		50,000	50,000
Cash at bank:			
Current accounts:			
Local currency		393,104	4,102,141
Foreign currency		4,098,560	2,817,637
		4,491,664	6,919,778
Savings accounts:			
Local currency		25,248,565	96,110,535
Foreign currency		9,531,485	6,533,251
	14.1	<u>34,780,050</u>	<u>102,643,786</u>
		<u>39,321,714</u>	<u>109,613,564</u>

14.1 Local savings accounts carry mark up ranging from (13.51% to 19.51%) per annum (2022: 5% to 6%) per annum and foreign saving accounts carry mark up ranging from (0.01% to 0.04%) per annum (2022: 0.01% to 0.04%).

## 15 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. During the year interest income amounting to Rs. 7.794 million has been recognized in endowment fund. (2022: Last year, 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	2023 Rupees	2022 Rupees
<b>16 DEFERRED LIABILITY - GRATUITY</b>			
Opening balance		6,543,790	10,412,549
Current service cost	22.1	2,264,431	2,167,926
Remeasurement recognized in other comprehensive income		(952,238)	71,502
Benefits paid		<u>(538,331)</u>	<u>(6,108,187)</u>
Closing balance		<u>7,317,652</u>	<u>6,543,790</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, 2023 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.

*Review*

	2023 Rupees	2022 Rupees
<b>15.2 Movement recognized in income and expenditure statement</b>		
Current service cost	1,433,043	1,432,080
Interest cost for the year	831,388	735,846
	<u>2,264,431</u>	<u>2,167,926</u>

**15.3 Movement recognized in statement of comprehensive income**

Actuarial losses from changes in financial assumptions	14,123	16,367
Actuarial losses from changes in demographic assumptions	53,175	-
Experience adjustments	<u>(1,019,536)</u>	<u>55,135</u>
	<u>(952,238)</u>	<u>71,502</u>

**15.4 Significant actuarial assumptions**

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

	2023	2022
Discount rate used for interest cost(%)	13.25%	10.00%
Discount rate used for year end obligation	16.25%	13.25%
Expected rate of increase in salary (%)		
Salary increase FY 2023	N/A	12.25%
Salary increase FY 2024	15.25%	12.25%
Salary increase FY 2025	15.25%	12.25%
Salary increase FY 2026	15.25%	12.25%
Salary increase FY 2027	15.25%	12.25%
Salary increase FY 2028	15.25%	12.25%
Salary increase FY 2029 onward	15.25%	12.25%
Next salary increased at	01-Jan-24	01-Jan-23

Expected mortality rate SLIC 2001-2005

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

**Mortality rate      Withdrawal**

**15.5 Attained age**

20	0.00094	69%
25	0.00103	46%
30	0.00119	32%
35	0.00149	21%

*Review*

	Morality rate	Withdrawal
40	0.00208	10%
45	0.00322	51%
50	0.00538	29%
55	0.00915	22%
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	Increase in Assumption Rupees
Discount rate + 100 bps	6,817,931	6,028,172
Discount rate - 100 bps	7,879,445	7,132,074
Salary increase + 100 bps	7,879,445	7,132,074
Salary increase - 100 bps	6,809,684	6,019,498
	<u>29,386,505</u>	<u>26,311,818</u>

## 15.7 Expected Benefit Payments for the Next 10

FY 2024	748,890	582,976
FY 2025	689,653	690,843
FY 2026	710,332	637,533
FY 2027	1,856,636	661,600
FY 2028	808,659	1,744,853
FY 2029	1,096,097	746,316
FY 2030	950,482	1,018,475
FY 2031	1,063,594	1,521,027
FY 2032	14,765,033	925,663
FY 2033	1,292,275	13,685,061
FY 2034 onwards	90,378,922	85,727,605

### 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 is based on corporate / government bond, any decrease in bond yields will increase plan liabilities.

*Bdclco*

### 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

### 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	2023 Rupees	2022 Rupees
<b>17 DEFERRED CAPITAL GRANT</b>			
Opening balance		1,359,321	1,785,609
Grant from donors for capital expenditure	5	<u>293,952</u>	<u>196,649</u>
		1,653,273	1,982,258
Less: amortization during the year	5.3	<u>(378,875)</u>	<u>(622,937)</u>
Closing balance	17.1	<u><u>1,274,398</u></u>	<u><u>1,359,321</u></u>

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

	Note	2023 Rupees	2022 Rupees
<b>18 ACCRUED AND OTHER LIABILITIES</b>			
Payable to suppliers	18.1	1,896,421	5,535,019
Accrued liabilities		521,007	1,219,910
Income tax withheld		230,380	689,887
Security deposits		305,000	453,000
Sales tax withheld		<u>1,252</u>	<u>12,512</u>
		<u><u>2,954,060</u></u>	<u><u>7,910,328</u></u>

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

*Revised*

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

The Additional Commissioner Inland Revenue [the "AdCIR"] framed an ex parte amended assessment order of the Tax Year 2016, thereby, disallowing the adjustment of tax liability of Rs. 306,519 for the said year against tax refundable for prior years. On appeal filed by CHIP, the Commissioner Inland Revenue (Appeals) [the "CIR(A)"] has annulled the said order and directed the tax authority to re-examine the case in the light of judgment of the Appellate Tribunal Inland Revenue. Management expects a favorable decision in this regard.

The AdCIR has amended the assessment of the Company thereby disallowing the adjustment of tax liability of Rs. 281,732 and Rs. 258,077 for the Tax Years 2017 and 2018 respectively, against tax refundable for prior years. The Company has filed appeals before the CIR(A), which are pending disposal as of up to-date. Management expects a favorable decision in this regard.

### 19.2 Commitments

There was no commitment as at the balance sheet date. (2022: nil)  
*Review*

	Note	2023 Rupees	2022 Rupees
<b>20 OTHER INCOME</b>			
<b>Income from financial assets:</b>			
Exchange gain		4,208,138	1,173,712
Interest income		2,201,190	7,178,768
Income on TDR's		-	-
		6,409,328	8,352,480
<b>Income from non-financial assets:</b>			
Building rent	20.1	1,506,059	1,369,500
Services (utilities, vehicles rentals etc.)		420,000	632,500
Project monitoring fee	20.2	4,332,880	8,167,510
Gain on sale of fixed assets		6,150,500	-
Accountancy and consultancy service charges	20.3	240,000	240,000
Miscellaneous income		435,272	65,843
		13,084,711	10,475,353
		19,494,039	18,827,833

20.1 This amount represents rentals charged to Brien Holden Vision Institute against building 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 15% of the actual expenditure for BMGF, GAVI and TAC Internationals whereas, Rs. 977,000 annually is charged on WAP projects.

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

	Note	2023 Rupees	2022 Rupees
<b>21 PROGRAMME COST</b>			
Emergency and Humanitarian Fund - Emergencies and Humanitarian - CHIP	21.1	3,902,108	1,173,306
Be the Change Makers: Unveil Talent and Facilitate Utilization of Opportunities for Communal and Individual Development - Misereor	21.2	16,463,456	16,548,208
Social Mobilization and Community Outreach Activities to address Low uptake of RI in Rwp/Islamabad - UNICEF		-	14,859,751
HSS II-GAVI		-	50,481,989
<i>Belsero</i>			

	Note	2023 Rupees	2022 Rupees
The Right to Health: Breaking Down Barriers to Eye Health in South Asia - Sightsavers		-	13,806,908
Pakistan Inclusive Eye Health Project: The project aims to enhance healthcare accessibility and inclusivity for people with disabilities and marginalized communities - Sightsavers.	21.3	1,039,760	-
Empowering Mothers-to-be in South Khyber Pakhtunkhwa Province of Pakistan - Bill and Malinda Gates Foundation	21.4	17,302,153	7,864,971
Strengthening Maternal and Newborn Health Care in Punjab - TAC Internationals	21.5	7,764,683	3,101,618
Inclusive Census Campaign - Sightsavers		1,557,407	100,000
Future Makers - Sightsavers	21.6	17,375,457	2,123,259
Developing Muzaffargarh as WASH Secure District - Water Aid Pakistan	21.7	26,848,188	39,299,531
Improved OHS and WASH Services for Sanitation Workers in MC Muzaffargarh- Punjab - Water Aid Pakistan	21.8	2,911,689	8,428,400
WASH Secure Muzaffargarh - Water Aid Pakistan		-	2,843,834
Improved OHS and WASH Services for Sanitation Workers in MC Muzaffargarh- Punjab - Water Aid Pakistan		-	372,004
Community Led Engagement for Reducing Gender & Equity Gaps for Childhood Immunization	21.9	9,681,749	-
		<u>104,846,650</u>	<u>161,003,779</u>

- 21.1 This represents expenses incurred on emergency and humanitarian activities and scholarship support by CHIP from the interest earned on endowment fund. The amount was spent on food kits for flood affectees in Mianwali and scholarships for female students enrolled in Fatima Jinnah Women University, Rawalpindi.
- 21.2 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.
- 21.3 This project is funded by Sightsavers to improve the quality of eye care service provision in the target districts of Pakistan.

*Ref: 200*

- 21.4 The project is funded by Bill and Malinda Gates Foundation-BMGF 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.
- 21.5 The study was funded by JICA / TAC Internationals as part of its program strengthening maternal and newborn health care in Punjab. The study included conducting a situations analysis and baseline survey to understand 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. The findings helped JICA/TAC International in making a five years programme for Southern districts of Punjab Province.
- 21.6 The project is funded by Sightsavers and aims to do confidence building of Youth With Disabilities-YWDs for seeking employment and employers to have their readiness in accepting and offering YWDs with employment opportunities. to improve focus on economic employment including both waged and self-employed for the youth with disabilities in Pakistan.
- 21.7 The project was funded by WaterAid to support poor and vulnerable communities in district Muzaffargarh through climate resilient, inclusive and sustainable water and sanitation services and better planning at community and government level. The project was implemented in two phases of 6 months and 12 months period.
- 21.8 The project was funded by WaterAid to support local communities and government to have the climate resilient water supply services and systems for sustaining the ODF environment in Muzaffargarh.
- 21.9 This project is funded by GAVI. The purpose of this project is to improve gender and equity gaps for childhood immunization.

	Note	2023 Rupees	2022 Rupees
<b>22 ADMINISTRATIVE COST</b>			
Staff salaries and benefits	22.1	5,666,439	3,733,505
Depreciation	5.3	3,031,997	3,377,128
Receivable from donors written off	22.2	-	1,136,795
Repair and maintenance		731,609	1,151,353
Legal and professional fee		2,454,780	212,650
Auditors remuneration	22.3	295,000	257,500
Insurance		105,120	124,800
Security services		181,134	103,458
Supplies		245,409	99,521
CHIP staff travelling, boarding and lodging		158,273	98,702
Telephone and communications		111,668	74,708

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	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	<b>Rupees</b>
Stationery	38,573	53,741
Utilities	442,157	44,322
Internet and postage	199,173	24,022
Generator fuel and repairing	186,858	26,757
Property tax expense	36,119	36,119
Publication and advertisement	-	29,925
Fees and subscription	15,000	14,700
Consultancy fee	125,000	-
Miscellaneous	92,642	136,548
	<u>14,116,951</u>	<u>10,736,254</u>

22.1 This includes employees' retirement benefits of Rs. 2.264 million (2021: Rs. 2.167 million).

22.2 Emergency and humanitarian activities project was operated by the entity itself and donations were received from individual philanthropists. (Receivable balance of Rs. 1.136 million against such donors had been written off in prior year as the management had assessed that these funds will not be recovered).

	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>22.3 Auditors remuneration</b>		
Audit fee	287,500	253,000
Out of pocket expenses	7,500	4,500
	<u>295,000</u>	<u>257,500</u>

## **23 FINANCE COST**

Bank charges	<u>36,154</u>	<u>60,099</u>
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## **24 TAXATION**

Taxation-current	<u>2,013,716</u>	<u>1,273,612</u>
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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.

*Release.*

	2023 Rupees	2022 Rupees
<b>25 ADJUSTMENT OF NON-CASH ITEMS</b>		
Depreciation	3,410,872	4,000,065
Provision for gratuity	2,264,431	2,167,926
Finance cost	36,154	60,099
Interest income	(2,201,190)	(7,178,768)
Interest income - restricted grant	(783,905)	(260,627)
Gain on sale of property, plant and equipment	(6,150,500)	-
Amortization of restricted grants related to projects	(104,846,650)	(160,387,372)
Adjustments of proceeds against rentals	(14,147)	(126,659)
Receivables write off	-	1,136,795
Amortization of deferred capital grant	(378,875)	(622,937)
	<u>(108,663,810)</u>	<u>(161,211,477)</u>

## 26 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:

	2023				2022			
	Chief Executive Officer	Directors	Executives	Total	Chief Executive Officer	Directors	Executives	Total
	----- (Rupees) -----							
Managerial remuneration	5,595,000	-	7,398,000	12,993,000	4,763,074	-	4,584,000	9,347,074
Festive allowance	656,052	-	876,300	1,532,352	577,796	-	541,404	1,119,200
	<u>6,251,052</u>	<u>-</u>	<u>8,274,300</u>	<u>14,525,352</u>	<u>5,340,870</u>	<u>-</u>	<u>5,125,404</u>	<u>10,466,274</u>
Number of persons	1	7	4	12	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.

## 27 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 26.

## 28 FINANCIAL ASSETS AND LIABILITIES

	Interest/mark up bearing			Sub-total	Not interest / mark up bearing
	Total	Maturity up to one year	Maturity after one year		
-----Rupees-----					
<b>2023</b>					
<b>Financial assets</b>					
Long term security deposits	217,900	-	-	-	217,900
Due from related parties	120,000	-	-	-	120,000
Short term investments	70,000,000	-	-	-	70,000,000
Receivable from donor agencies	7,047,814	-	-	-	7,047,814
Cash and bank balances	39,321,714	34,780,050	-	34,780,050	4,541,664
	116,489,528	34,780,050	-	34,780,050	81,709,478
<b>Financial liabilities</b>					
Accrued and other liabilities	2,722,428	-	-	-	2,722,428
Deferred liability - gratuity	7,317,652	-	-	-	7,317,652
	10,040,080	-	-	-	10,040,080
<b>Total gap</b>	106,449,448	34,780,050	-	34,780,050	71,669,398

*Bdco.*

	Interest/mark up bearing			Sub-total	Not interest / mark up bearing
	Total	Maturity up to one year	Maturity after one year		
-----Rupees-----					
<b>2022</b>					
<b>Financial assets</b>					
Long term security deposits	305,900	-	-	-	305,900
Due from related parties	40,000	-	-	-	40,000
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
	125,455,541	102,643,786	-	102,643,786	22,811,755
<b>Financial liabilities</b>					
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
<b>Total gap</b>	111,703,822	102,643,786	-	102,643,786	9,060,036

Rupees

## 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 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.

### 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 under:

	2023	2022
	Rupees	Rupees
Long term security deposits	217,900	305,900
Advances	949,460	658,854
Due from related parties	120,000	40,000
Receivable from donors	7,047,814	15,143,123
Bank balances	39,271,714	109,563,564
	<u>47,606,888</u>	<u>125,711,441</u>

*Balance*

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 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 -----					
<b>2023</b>					
<b>Financial Liabilities</b>					
Accrued and other liabilities	2,954,060	2,954,060	1,477,030	1,477,030	-
Deferred liability gratuity	7,317,652	7,317,652	-	-	7,317,652
	<u>10,271,712</u>	<u>10,271,712</u>	<u>1,477,030</u>	<u>1,477,030</u>	<u>7,317,652</u>

*Advised.*

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
----- Rupees -----					
<b>2022</b>					
<b>Financial Liabilities</b>					
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>6,543,790</u>

### 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 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:

	2023 Rupees	2022 Rupees
<b>Name of Currency</b>		
<b>Cash at bank:</b>		
Euro	4,098,560	2,817,637
GBP	9,531,485	6,533,251
	<u>13,630,045</u>	<u>9,350,888</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:

2023	2022	2023	2022
Effective rate		Carrying amount	
In percent		Rupees	

#### Variable rate instruments

##### Financial assets

Cash and bank balances	13.51% to 19.51%	5% to 6%	34,780,050	102,643,786
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## 30 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

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 IFRS 9. The carrying amount of trade receivables and payables is 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.

### **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**

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

31	NUMBER OF EMPLOYEES	2023	2022
	The number of employees as at year end	<u>57</u>	<u>57</u>
	Average number of employees during the year	<u>42</u>	<u>66</u>

**32 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.

**33 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 04 OCT 2023.

**34 GENERAL**

Figures have been rounded off to the nearest rupee. *Balance*

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

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