BDO

FINANCIAL STATEMENTS OF

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME

FOR THE YEAR ENDED
JUNE 30, 2017

BDO

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AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the annexed balance sheet of **CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME** ("the Company") as at June 30, 2017 and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we state that: -

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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, 2017 and of the deficit, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

ISLAMABAD

DATED: 13 OCT 2017

Bdo Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Iffat Hussain

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	51,926,960	54,177,843
Long term security deposits		723,900	129,900
		52,650,860	54,307,743
CURRENT ASSETS			
Advances	6	386,132	477,985
Short term investment	7	11,500,000	12,055,750
Due from related parties	8	1,162,371	-
Receivable from donor agencies	9	4,265,275	836,231
Prepayments and other receivable	10	4,198,450	215,938
Interest accrued		1,671,210	525,775
Taxation - net	11	832,025	1,113,757
Cash and bank balances	12	7,860,108	28,220,756
		31,875,571	43,446,192
TOTAL ASSETS		84,526,431	97,753,935
FUNDS AND LIABILITIES			
FUNDS			
General fund		27,255,033	28,204,155
Endowment fund	13	34,956,235	34,956,235
		62,211,268	63,160,390
NON CURRENT LIABILITIES			
Deferred liability	14	6,000,660	6,946,549
Long term security deposit	15	750,000	750,000
Liabilities against assets subject to finance lease	16	1,931,425	-
Deferred capital grant	17	1,602,073	1,527,160
Restricted grant	9	7,821,757	22,702,737
		18,105,915	31,926,446
CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	16	527,579	-
Accrued and other liabilities	18	3,681,669	2,667,099
		4,209,248	2,667,099
CONTINGENCIES AND COMMITMENTS	19	-	-
TOTAL FUNDS AND LIABILITIES		84,526,431	97,753,935

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

CHIEF EXECUTIVE **DIRECTOR**

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017			2016		
		Rupees			Rupees		
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Consultancy income (net)	20	-	2,064,923	2,064,923	-	684,947	684,947
Other income	21	-	13,764,151	13,764,151	-	14,009,599	14,009,599
		-	15,829,074	15,829,074	-	14,694,546	14,694,546
Programme cost	22	(46,186,779)	-	(46,186,779)	(43,730,845)	-	(43,730,845)
Depreciation on restricted assets	5.5	(404,181)	-	(404,181)	(1,725,364)	-	(1,725,364)
Administrative cost	23	-	(15,182,181)	(15,182,181)	-	(16,994,136)	(16,994,136)
Financial charges	24	-	(322,845)	(322,845)	-	(77,273)	(77,273)
		(46,590,960)	(15,505,026)	(62,095,986)	(45,456,209)	(17,071,409)	(62,527,618)
(Deficit)/surplus for the year		(46,590,960)	324,048	(46,266,912)	(45,456,209)	(2,376,863)	(47,833,072)
Transfer from restricted grant	9	46,186,779	-	46,186,779	43,730,845	-	43,730,845
Amortization of deferred capital grant	17	404,181	-	404,181	1,725,364	-	1,725,364
Taxation	25	-	(1,273,170)	(1,273,170)	-	(1,083,360)	(1,083,360)
		46,590,960	(1,273,170)	45,317,790	45,456,209	(1,083,360)	44,372,849
Net deficit for the year		-	(949,122)	(949,122)	-	(3,460,223)	(3,460,223)

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

CHIEF EXECUTIVE

DIRECTOR

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Deficit after taxation	(949,122)	(3,460,223)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(949,122)	(3,460,223)

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

CHIEF EXECUTIVE

DIRECTOR

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) before taxation		324,048	(2,376,863)
Adjustments for non cash items:			
Depreciation	5	4,716,333	6,984,347
Provision for gratuity		22,792	2,605,399
Financial charges		322,845	77,273
Interest income		(854,221)	(1,161,925)
Gain on sale of fixed asset		(123,018)	(3,456,260)
Amortization of deferred capital grant		(404,181)	(1,725,364)
		3,680,550	3,323,470
Surplus before working capital changes		4,004,598	946,607
Working capital changes			
Decrease/(increase) in current assets:			
Receivable from donor agencies		(3,429,044)	4,605,844
Due from related parties		(1,162,371)	4,283,114
Advances		91,853	557,020
Prepayments and other receivable		(3,982,512)	(215,938)
Interest accrued		(1,145,435)	268,992
		(9,627,509)	9,499,032
(Decrease)/increase in current liabilities:			
Accrued and other liabilities		1,014,570	(885,164)
		1,014,570	(885,164)
Cash (used in)/generated from operations		(4,608,341)	9,560,475
CASH FLOW FROM OPERATING ACTIVITIES			
Financial charges paid		(322,845)	(77,273)
Gratuity paid		(968,681)	(764,149)
Tax paid		(991,438)	(776,839)
		(2,282,964)	(1,618,261)
Net cash (used in)/generated from operating activities		(6,891,305)	7,942,214
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to operating fixed assets		(5,748,304)	(8,489,157)
Proceed from sale of fixed asset		3,405,872	3,563,500
Security deposits		(594,000)	72,000
Short term investment		555,750	(555,750)
Interest received		854,221	1,161,925
Net cash used in investing activities		(1,526,461)	(4,247,482)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received for the acquisition of capital assets		479,094	307,480
Lease rentals		2,459,004	(296,111)
Long term deposit		-	750,000
Decrease in restricted grant		(14,880,980)	(2,304,224)
Net cash used in from financing activities		(11,942,882)	(1,542,855)
		(20,360,648)	2,151,877
Net (decrease)/increase in cash and cash equivalents		(20,360,648)	2,151,877
Cash and cash equivalents at the beginning of the year		28,220,756	26,068,879
Cash and cash equivalents at the end of the year	12	7,860,108	28,220,756

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

CHIEF EXECUTIVE **DIRECTOR**

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Endowment Fund	Total
	Rupees		
Balance as at July 01, 2015	31,664,378	34,956,235	66,620,613
Total comprehensive loss for the year	(3,460,223)	-	(3,460,223)
Balance as at June 30, 2016	28,204,155	34,956,235	63,160,390
Total comprehensive loss for the year	(949,122)	-	(949,122)
Balance as at June 30, 2017	27,255,033	34,956,235	62,211,268

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

CHIEF EXECUTIVE

DIRECTOR

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 CORPORATION AND ITS OBJECTIVES

1.1 Civil Society Human and Institutional Development Programme (CHIP) "the Company" was formed on October 20, 2004 as a Company limited by guarantee having no share capital, under Section 42 of the Companies Ordinance, 1984. CHIP took over all the assets, liabilities and business activities of SDC-CHIP on January 01, 2005. The registered office of the Company is situated at CHIP House, Plot No.1, Fayyaz Market, Street No. 9, G-8/2, Islamabad.

The principal activities of the CHIP 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by International Accounting Standards Board as adopted in Pakistan by Council of Institute of Chartered Accounts of Pakistan and Accounting Standard for Not-for-Profit Organistions (NPOs) issued by Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The financial statements of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

Accounting Standards for Not-for-Profit Organisations have been adopted by the Company for the first time during the year. The Company has presented its previous financial statements in accordance with IFRS for SMEs, however, the accounting treatment and policies adopted by the Company were consistent with requirements of Accounting Standard for NPOs. Therefore, there is no effect adjustment in opening balances and no change in presentation for this transition except certain disclosure requirements.

2.2 Accounting Convention

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

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

2.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company and rounded off to the nearest rupee.

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

3.1 Amendments that are effective in current year but not relevant to the Company

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

		Effective date (annual periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	January 01, 2016
IFRS 7	Financial Instruments: Disclosures	January 01, 2016
IFRS 10	Consolidated Financial Statements	January 01, 2016
IFRS 11	Joint Arrangements	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2016
IAS 1	Presentation of Financial Statements	January 01, 2016
IAS 16	Property, Plant and Equipment	January 01, 2016
IAS 19	Employee Benefits	January 01, 2016
IAS 27	Separate Financial Statements	January 01, 2016
IAS 28	Investment in Associates and Joint Ventures	January 01, 2016
IAS 34	Interim Financial Reporting	January 01, 2016
IAS 38	Intangible Assets	January 01, 2016
IAS 41	Agriculture	January 01, 2016

3.2 Amendments not yet effective

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

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payments - Amendment to clarify the classification and measurement of share-based payment transactions	January 01,2018
IFRS 4	Insurance Contract - Amendments regarding a temporary exemption from IFRS 9 has been granted to insurers and an optional accounting policy choice has been introduced to allow an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9	January 01,2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7	Statement of Cash flows - The amendments in Disclosure Initiative that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities	January 01, 2017
IAS 12	Income Taxes - Amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value	January 01, 2017
IAS 28	Investment in Associates and Joint Ventures - Clarification that an entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture measuring an associate or joint venture at fair value	January 01, 2018
IAS 40	Investment Property - amendment to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property	January 01, 2018

The management anticipates that the adoption of the above amendments in future periods will have no material impact on the Company's financial statements.

3.3 Standards or interpretations not yet effective

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

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

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

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 fund

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 recognised 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.

- Income from CHIP-Training and Consulting (Private) Limited on account of office rent and utilities is recognized on accrual basis.

- Interest on investment is recognised on accrual basis.

4.11 Taxation

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.

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.

5 PROPERTY, PLANT AND EQUIPMENT

Particulars	Free hold land	Building	Electricity and gas equipment	Furniture and fixtures	Computer and accessories	Vehicles	Books	Office equipment	Leased vehicles	Vision centre	Transformer	Total
						Rupees						
Net carrying value basis												
Year ended June 30, 2017												
Opening book value	24,000,000	18,696,245	151,940	2,379,129	248,677	8,410,138	-	291,714	-	-	-	54,177,843
Additions	-	-	123,244	79,195	302,240	-	-	61,215	2,940,000	-	2,242,410	5,748,304
Disposals- NBV	-	-	(11,547)	(70,185)	-	(3,201,122)	-	-	-	-	-	(3,282,854)
Depreciation charge	-	(2,343,732)	(59,697)	(403,072)	(315,873)	(1,235,527)	-	(45,745)	(294,000)	-	(18,687)	(4,716,333)
Closing net book value	24,000,000	16,352,513	203,940	1,985,067	235,044	3,973,489	-	307,184	2,646,000	-	2,223,723	51,926,960
Gross carrying value basis												
As at June 30, 2017												
Cost/revalue	24,000,000	36,165,543	2,937,713	4,450,968	4,619,882	7,903,936	11,430	1,574,454	2,940,000	-	2,242,410	86,846,336
Accumulated depreciation	-	(19,813,030)	(2,733,773)	(2,465,901)	(4,384,838)	(3,930,447)	(11,430)	(1,267,270)	(294,000)	-	(18,687)	(34,919,376)
Net book value	24,000,000	16,352,513	203,940	1,985,067	235,044	3,973,489	-	307,184	2,646,000	-	2,223,723	51,926,960
Net carrying value basis												
Year ended June 30, 2016												
Opening book value	24,000,000	22,128,772	638,997	3,470,770	486,128	1,680,160	-	275,646	-	2,542,603	-	55,223,076
Additions	-	-	41,800	71,159	172,563	8,096,612	-	107,023	-	-	-	8,489,157
Disposals- NBV	-	-	(407,027)	(634,888)	(5,477)	-	-	-	-	(1,502,649)	-	(2,550,041)
Depreciation charge	-	(3,432,527)	(121,830)	(527,912)	(404,537)	(1,366,634)	-	(90,955)	-	(1,039,954)	-	(6,984,349)
Closing net book value	24,000,000	18,696,245	151,940	2,379,129	248,677	8,410,138	-	291,714	-	-	-	54,177,843
Gross carrying value basis												
As at June 30, 2016												
Cost/revalue	24,000,000	36,165,543	2,920,169	4,739,991	4,647,642	13,481,336	11,430	1,567,539	-	-	-	87,533,650
Accumulated depreciation	-	(17,469,298)	(2,768,229)	(2,360,862)	(4,398,965)	(5,071,198)	(11,430)	(1,275,825)	-	-	-	(33,355,807)
Net book value	24,000,000	18,696,245	151,940	2,379,129	248,677	8,410,138	-	291,714	-	-	-	54,177,843
Annual rate of depreciation		10%	10%	10%	30%	20%	20%	20%	10%	20%	10%	

5.1 Depreciation on owned assets for the year has been allocated to administrative cost.

5.2 Cost of assets include fully depreciated assets amounting Rs. 14,032,916 (2016: Rs. 12,164,750).

5.3 Disposal includes assets returned to donor having net book value of Rs. nil (2016: 2,442,801).

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

5.5 The property plant and equipment include certain assets comprising electricity and gas equipment, furniture and fixture, computer and accessories and office equipment having book value of Rs.1,602,073 are under restricted grant funded by donor. The depreciation charged on these assets for the year is Rs. 404,181 (2016: 1,725,364).

	Note	2017 Rupees	2016 Rupees
6 ADVANCES			
Unsecured - Considered good			
Advances to:			
Employees		137,147	104,733
Suppliers		-	200,180
Field offices		248,985	173,072
		386,132	477,985

	Note	2017 Rupees	2016 Rupees
7 SHORT TERM INVESTMENT			
Held to maturity			
Term Deposit Receipt	7.1	11,500,000	12,055,750

7.1 This represents amount invested in TDRs of HBL carries profit ranging from 5% to 6.5% (2016: 5 % to 6.5% per annum) having maturity of one year.

	Note	2017 Rupees	2016 Rupees
8 DUE FROM RELATED PARTIES			
Unsecured- Considered good;			
CHIP- Training and Consulting (Private) Limited	8.1	1,162,371	-

8.1 This represents amount receivable from CHIP- Training and Consulting (Private) Limited (CTC) on account of office rent, utilities and vehicle rent of the Company.

9 RECEIVABLES FROM DONOR AGENCIES / RESTRICTED GRANT

Donor / Projects	Note	Balance as on July 01, 2016		Funds received during the year	Interest income	Amount transferred (to)/from other projects	Transferred to income and expenditure account	Amount transferred to Deffered Capital Grant	Unspent balance paid to donor	Balance as on June 30, 2017	
		Project Receivables	Restricted grant							Project receivables	Restricted grant
					Rupees						
Sightsavers		90,425	-	-	-	-	-	-	-	90,425	-
Brien Holden Vision Institute		-	1,246,864	-	-	-	-	-	-	-	1,246,864
Light for the world - p00945		-	2,406,573	-	-	(2,406,573)	-	-	-	-	-
Light for the world - p01791		-	3,036,230	4,317,300	-	2,406,573	10,625,481	106,855	-	972,233	-
Misereor - Evaluation		-	33,487		-	-	-	-	-	-	33,487
Misereor 320-004-1124		-	5,972,865	-	103,363	-	7,016,020	-	-	939,792	-
Misereor 320-004-1142 ZG		-	-	2,239,198	11,625	-	900,590	227,239		-	1,122,993
Caritas Austria - 1520021		-	6,001,562	4,895,622	-	-	8,132,364	145,000	-	-	2,619,820
Caritas Austria - 1409032		-	188,946	-	-	-	-	-	-	-	188,946
Catholic Relief Services - R2.16.SUBAGR.6750.000P048 8.01.00		745,806	-	9,719,677	-	-	8,441,922	-	-		531,949
Catholic Relief Services - R2.17.SUBAGR.6750.000P04 88.01.00		-	-	-	-	-	1,285,696	-	-	1,285,696	-
Catholic Relief Services - Documentry on Importance of Immunization for Federal EPI		-	-	-	-	-	334,679	-	-	334,679	-
Catholic Relief Services - SMILER workshop		-	-	-	-	-	334,340	-	-	334,340	-
Catholic Relief Services code - 8770402		-	409,572	-	-	-	349,249	-	-	-	60,323
Emergencies and Humanitarian		-	3,406,638	628,150	17,107	-	2,039,699	-	-	-	2,012,196
Global One		-	-	808,550	-	-	553,236	-	(255,314)	-	-
UNICEF - Annual Review Meeting		-	-	2,370,572	-	-	2,365,393	-	-	-	5,179
UNICEF - Line Listing and Profiling of Urban Slums		-	-	3,500,000	-	-	3,808,110	-	-	308,110	-
		836,231	**22,702,737**	**28,479,069**	**132,094**	**-**	**46,186,779**	**479,094**	**(255,314)**	**4,265,275**	**7,821,757**

	Note	2017 Rupees	2016 Rupees
10 PREPAYMETS AND OTHER RECEIVABLE			
Prepaid insurance		178,396	153,630
Receivable from LFW		102,204	-
Receivable from JICA		3,496,846	-
Receivable from Handicap International		358,696	-
Receivable from Miserior	10.1	62,308	62,308
		4,198,450	215,938

10.1 This represents the amount to be reimbursed by Misereor for housing monitoring expenses incurred in Bhakkar.

	Note	2017 Rupees	2016 Rupees
11 TAXATION-NET			
Opening balance		1,113,757	1,420,276
Less: Provision for taxation		(1,273,170)	(1,083,360)
		(159,413)	336,916
Tax paid/adjusted		991,438	776,841
Closing balance		832,025	1,113,757

	Note	2017 Rupees	2016 Rupees
12 CASH AND BANK BALANCES			
Cash in hand		50,000	50,000
Cash at bank:			
- Current accounts- Local currency		506,545	5,286,870
- Savings accounts			
- Local currency		2,225,163	17,509,459
- Foreign currency		5,078,400	5,374,427
	12.1	7,303,563	22,883,886
		7,860,108	28,220,756

12.1 Local currency and foreign currency savings accounts carry mark up ranging from (3.75% to 3.79%) per annum (2016: 1% to 2%) per annum .

13 ENDOWMENT FUND

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

	Note	2017 Rupees	2016 Rupees
14 DEFERRED LIABILITY			
Opening balance		6,946,549	5,105,299
Provision for the year		22,792	2,605,399
		6,969,341	7,710,698
Paid during the year		(968,681)	(764,149)
		6,000,660	6,946,549

This represents unfunded gratuity scheme for all the employees of the Company. The employees are entitled to a gratuity equal to one month basic salary for each completed year of service. Provision for gratuity has not been made on the basis of actuarial valuation as the management is of the view that the values determined by actuarial valuation method would not materially differ from the amounts provided in the books of accounts.

15 LONG TERM SECURITY DEPOSIT

This represents the refundable security deposit received from the tenat under the lease agreement of its building located at Plot No. 05, street No. 09, Fayyaz Market, G-8/3, Islamabad.

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2017 Rupees	2016 Rupees
From Orix Leasing (Private) Limted			
Addition duing the year		2,940,000	-
Paid during the year		(480,996)	-
		2,459,004	-
Less: Current portions shown under current liabilities		527,579	-
		1,931,425	

	Minimum lease payments	Present value	Minimum lease payments	Present value
	2017	2017	2016	2016
	Rupees			
Within one year	789,360	527,579	-	-
Later than one year but not later	-	-	-	-
	2,166,720	1,931,425	-	-
	2,956,080	2,459,004	-	-
Less: Finance charges not yet due	(497,076)	-	-	-
	2,459,004	2,459,004	-	-
Current maturity	(527,579)	(527,579)	-	-
	1,931,425	1,931,425	-	-

This represents finance facility availed by the company for purchase of vehicles, repayable in 48 equal monthly installments starting from July 31, 2016 along with mark-up. It carries markup at six months KIBOR + 1.33% per annum.

		Note	2017 Rupees	2016 Rupees
17	**DEFERRED CAPITAL GRANT**			
	Opening balance		1,527,160	5,387,845
	Grant from donors for capital expenditure		479,094	307,480
			2,006,254	5,695,325
	Less: Amortization during the year		404,181	1,725,364
	Less: Asset returned to donor		-	2,442,801
	Closing balance	17.1	1,602,073	1,527,160

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

		Note	2017 Rupees	2016 Rupees
18	**ACCRUED AND OTHER LIABILITIES**			
	Payable on account of contract staff benefits		1,745,241	584,469
	Payable to suppliers		721,747	154,981
	Employee contribution - leases	18.1	746,412	1,194,690
	Tax withheld		99,213	62,693
	Withholding tax staff salaries		229,056	19,292
	Advance rent received		-	375,000
	Accrued expenses		140,000	275,974
			3,681,669	2,667,099

18.1 This represents employee share under employee car provision and ownership program.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There was no contingent liability as at the balance sheet date. (2016: nil)

19.2 Commitments

There was no commitment as at the balance sheet date. (2016: nil)

20 CONSULTANCY INCOME (NET)

	Note	2017 Rupees	2016 Rupees
JICA			
Income		6,882,778	1,737,851
Cost		(5,102,352)	(1,223,832)
		1,780,426	514,019
Handicap International			
Income		1,297,827	-
Cost		(1,013,330)	-
		284,497	-
GAVI			
Income		-	578,750
Cost		-	(407,822)
		-	170,928
Net income		2,064,923	684,947

21 OTHER INCOME

	Note	2017 Rupees	2016 Rupees
Building Rent	21.1	5,550,000	4,575,000
Services (utilities, vehicles, generaor etc.)		3,951,989	3,008,183
Project monitoring fee	21.2	1,904,609	1,608,301
Contribution from employees against vehicle lease		849,286	-
Gain on sale of fixed assets		123,018	3,456,260
Interest income		854,221	1,161,925
Accountancy and consultancy service charges		420,000	420,000
Exchange loss		(50,494)	(508,366)
Other income		161,522	288,296
		13,764,151	14,009,599

21.1 This represents income from BRAC Pakistan and an associated company, CHIP Training and Consulting (Private) Limited, on account of office rent.

21.2 This represents income charged to donors on account of follow up cost, monitoring and evaluation, and monitoring etc. of various projects. The fee has been charged at 7 % of the actual expenditure on specific projects.

22 PROGRAMME COST

	Note	2017 Rupees	2016 Rupees
UNICEF - PAK/13/195	22.1	-	1,514,678
Light for the World - p00945	22.2	-	8,691,589
Caritas Austria - 1409032	22.3	-	3,246,299
Misereor 320-004-1124	22.4	7,016,020	6,075,769
Brien Holden Vision Institute	22.5	-	5,289,192
Catholic Relief Services - 8770402	22.6	349,249	9,558,613
Emergencies and Humanitarian	22.7	2,039,699	2,826,261
Muslim Care	22.8	-	434,000
Light for the World - p01791	22.9	10,625,481	1,560,895
Caritas Austria - 1520021	22.10	8,132,364	3,787,743
Catholic Relief Services - R2.16.SUBAGR.6750.000P0488.01.00	22.11	8,441,922	745,806
Catholic Relief Services - R2.17.SUBAGR.6750.000P04	22.12	1,285,696	-
Catholic Relief Services - Documentry on Importance of Immunization for Federal EPI	22.13	334,679	-
Catholic Relief Services - SMILER workshop	22.14	334,340	-
Global One	22.15	553,236	-
UNICEF - Annual Review Meeting	22.16	2,365,393	-
UNICEF - Line Listing and Profiling of Urban Slun	22.17	3,808,110	-
Misereor 320-004-1142 ZG	22.18	900,590	-
		46,186,779	43,730,845

22.1 This project is funded by UNICEF and implemented by CHIP in District Jehlum of Punjab Province and District Skardu of Gilgit and Baltistan Province for strengthening the health system and improve the mother child health care services.

22.2 This project is funded by Light for the World and implemented by CHIP in Districts Skardu and Ghanche of Gilgit and Baltistan Province. The purpose of the project was to rehabilitate the people with disablities and to gather information in the said districts about disabilities.

22.3 The project is funded by Caritas Austria and implemented by CHIP in District Bakhar of Punjab for livelihood and improvement of child health and immunization.

22.4 Miserior funded this project to carry out community led development for promoting good Governance in Tehsil Sohawa, District Jehlum of Punjab Province.

22.5 This project is funded by Brien Holden Vision Institute to develop a social enterprise approach to provide community responsive eye health services leading to sustainable economic development in Tehsil Sohawa, Taxila and Lalamusa of Punjab Province.

22.6 This project is funded by Catholic Relief Services to assess status of immunization in children (0-23 months) in urban slum of Khyber Pakhtunkhwa Province which could potentially contribute to increase in immunization coverage.

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

22.8 Unspent balances from an old Muslim Care project is being used to pay salaries of teachers of 8 community based schools in District Sawat of Khyber Pakhtunkhwa Province.

22.9 This project is funded by Light for the World and implemented by CHIP in Districts Ghanche of Gilgit and Baltistan Province. The purpose of the project was to rehabilitate the people with disablities and to facilitate their social inclusion in community development and mainstream

22.10 This project is funded by Caritas Austria for Promotion of Inclusive Community Development Through Local Human & Institutional Development in Districts Bhakkar and Jhang of Punjab Province.

22.11 This project is funded by Catholic Relief Services for strengthning Pakistan CSO's coalition for Health and Immunuzation in Balochistan Province.

22.12 This project is funded by Catholic Relief Services for strengthning Pakistan CSO's coalition for Health and Immunuzation in four provinces of Pakistan.

22.13 This represents an activity undertaken for developing 3-5 mintues documentary on importance of immunization and its broadcasting on television channel.

22.14 This represents the expenses of organising four days training workshop for PCCHI's member organisation to develop monitoring, evaluation, accountability and learning mechanism in their respective organisations.

22.15 This represents the arrangement made for travel, boarding, lodging of representatives of Global One and meeting with the government officials in cities of Karachi of Sindh Province and Nowshera of Khyber Pakhtunkhwa Province to assess the country needs.

22.16 This represents the assignement undertaken to prepare profiles of urban slums in Karachi and Hyderabad of Sindh Province.

22.17 This activity has been undertaken for UNICEF to arrange travel, conveyance, boarding and lodging of representatives of federal and provincial EPI cells for participating in National EPI review meeting held in Islamabad.

22.18 Miserior funded this project to promote inclusive community development through local human and institutional development in Tehsil and District Layyah of Punjab Province.

		Note	2017 Rupees	2016 Rupees
23	**ADMINISTRATIVE COST**			
	CHIP own staff salaries		6,461,032	5,086,309
	CHIP staff life insurance		26,500	26,500
	CHIP staff travelling		65,435	85,210
	CHIP own staff capacity building		-	10,510
	Telephone and communications		306,908	243,802
	Internet and postage		189,402	152,903
	Utilities		1,186,211	814,534
	Generator fuel and repairing		536,675	486,874
	Stationery		34,637	25,956
	Publication and Advertisement		5,800	-
	Supplies		299,120	264,207
	Gratuity		22,792	2,605,399
	Repairs and maintenance - vehicle		177,904	306,317
	Subscription charges		31,538	78,424
	Insurance on vehicles		244,201	90,571
	Repair and maintenance-Office and Equipment		95,572	446,658
	Security services charges-CHIP building		462,343	467,409
	Depreciation	5	4,312,152	5,258,983
	Provision against advances		100,000	-
	Property tax expense		31,013	-
	Consultancy cost		-	143,028
	Audit fee		140,000	125,000
	Legal and Professional Fee		346,066	125,000
	Miscellaneous		106,880	150,542
			15,182,181	16,994,136
24	**FINANCIAL CHARGES**			
	Finance charge on finance lease		308,364	21,899
	Bank Charges		14,481	55,374
			322,845	77,273
25	**TAXATION**			
	Provision for taxation		1,273,170	1,083,360

25.1 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.

25.2 Provision for deferred tax has not been recognized by the Company due to deferred tax asset is arising on brought forward losses of the Company as in the opinion of the management, there is no certainty regarding realisibility of the amount.

26 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

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

	2017				2016			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees							
Managerial remuneration	5,846,148	-	3,357,474	9,203,622	5,846,148	-	3,068,154	8,914,302
Benefits	724,056	-	398,304	1,122,360	724,056	-	364,548	1,088,604
	6,570,204	-	3,755,778	10,325,982	6,570,204	-	3,432,702	10,002,906
Number of persons	1	7	2	3	1	7	2	3

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

27 FINANCIAL ASSETS AND LIABILITIES

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

2017

	Total	Interest/mark up bearing			Non interest /mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
	Rupees				
Financial assets					
Loan and Advances at amortized cost					
Due from related parties	1,162,371	-	-	-	1,162,371
Long term security deposits	723,900	-	-	-	723,900
Advances	386,132	-	-	-	386,132
Short term investment	11,500,000	11,500,000	-	11,500,000	-
Receivable from donor agencies	4,265,275	-	-	-	4,265,275
Cash and bank balances	7,860,108	7,810,108	-	7,810,108	50,000
	24,735,415	19,310,108	-	19,310,108	5,425,307
Financial liabilities					
Financial liabilities carried at amortized cost					
Obligation under finance lease	2,459,004	527,579	1,931,425	2,459,004	-
Long term security deposits	750,000	-	-	-	750,000
Gratuity payable	6,000,660	-	-	-	6,000,660
Accrued and other liabilities	3,353,400	-	-	-	3,353,400
	12,563,064	527,579	1,931,425	2,459,004	10,104,060
On balance sheet gap	12,172,351	18,782,529	(1,931,425)	16,851,104	(4,678,753)
Off Balance sheet Items					
Total Gap	12,172,351	18,782,529	(1,931,425)	16,851,104	(4,678,753)

2016

	Total	Interest/mark up bearing			Not interest /mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
	Rupees				
Financial assets					
Loan and Advances at amortized cost					
Long term security deposits	129,900	-	-	-	129,900
Advances	477,985	-	-	-	477,985
Short term investment	12,055,750	12,055,750	-	12,055,750	-
Receivable from donor agencies	836,231	-	-	-	836,231
Cash and bank balances	28,220,756	28,170,756	-	28,170,756	50,000
	41,720,622	40,226,506	-	40,226,506	1,494,116
Financial liabilities					
Financial liabilities carried at amortized cost					
Long term security deposits	750,000	-	-	-	750,000
Gratuity payable	6,946,549	-	-	-	6,946,549
Accrued and other liabilities	2,667,099	-	-	-	2,667,099
	10,363,648	-	-	-	10,363,648
On balance sheet gap	31,356,974	40,226,506	-	40,226,506	(8,869,532)
Off Balance sheet Items					
Total Gap	31,356,974	40,226,506	-	40,226,506	(8,869,532)

Effective interest rates are mentioned in the respective notes to the financial statements.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management policies

The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing to meet their objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

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 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:

	2017 Rupees	2016 Rupees
Long term security deposits	723,900	129,900
Advances	386,132	477,985
Short term investment	11,500,000	12,055,750
Receivable from donor agencies	4,265,275	836,231
Other receivable	3,661,358	62,308
Bank balances	7,810,108	28,170,756
	28,346,773	41,732,930

To manage exposure to credit risk in respect of financial assets, management performs credit reviews taking into account the third party's financial position, past experience and other factors.

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	One to two years	Two to five years	Over five years
	Rupees						
2017							
Long term security deposit	750,000	750,000	-	-	-	-	750,000
Gratuity payable	6,000,660	6,000,660	-	-	-	-	6,000,660
Liabilities against assets subject to finance lease	2,459,004	2,459,004	263,789	263,789	618,465	1,312,960	2,459,004
Accrued and other liabilities	3,681,669	3,681,669	1,840,835	1,840,835	-	-	-
	12,891,333	12,891,333	2,104,624	2,104,624	618,465	1,312,960	9,209,664

	Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	Rupees						
2016							
Gratuity payable	6,946,549	6,946,549	-	-	-	-	6,946,549
Accrued and other liabilities	2,667,099	2,667,099	2,667,099	-	-	-	-
	9,613,648	9,613,648	2,667,099	-	-	-	6,946,549

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 value of the financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk of the company can be evaluated from the following schedule:

	2017 Rupees	2016 Rupees
Name of Currency		
Cash at bank:		
GBP	3,510,360	3,857,576
Euro	1,568,040	1,516,851
	5,078,400	5,374,427

b) Interest rate risk

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 borrowings and investments. At the balance sheet date the interest rate profile of the Company's interest -bearing financial instruments is as follows:

	2017	2016	2017	2016
	Rates (In percent)		Carrying amount Rupees	
Financial assets				
Fixed rate instruments				
Short term investment	5% to 6.5%	5% to 6.5%	11,500,000	12,055,750
Bank balances	3.75% to 3.79 %	1% to 2 %	7,810,108	28,170,756

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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).

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

30 TRANSACTIONS WITH RELATED PARTY

The related parties comprise, local related parties, staff retirement funds, directors and key management personnel. Amounts due to / due from related parties are disclosed in notes to the financial statements. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	2017 Rupees	2016 Rupees
CHIP- Training and Consulting (Private) Limited		
(Associated company)		
Income on account of office rent	1,950,000	1,800,000
Income on account of common cost	2,014,269	2,706,090
Income on account of vehicle rent	420,000	420,000
Payment against repair of vehicle	(17,601)	-
Ujala Education Foundation		
(Associated company)		
Income from accountancy services	420,000	420,000

31 NUMBER OF EMPLOYEES

The number of employees as at year end was 38 (2016: 35) and average number of employees during the year was 42 (2016: 40).

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.

No reconciliation is prepared for surplus/deficient in accordance with Accounting Standard for NPOs as there is no change in surplus/deficit in accordance with previous framework for the same period.

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 13 OCT 2017 by the Board of Directors of the Company.

34 GENERAL

Figures have been rounded off to the nearest Pak Rupee.

CHIEF EXECUTIVE **DIRECTOR**