FINANCIAL STATEMENTS OF

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME

FOR THE YEAR ENDED
JUNE 30, 2018

BDO

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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, 2018, and statement of income and expenditure, 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, statement of income and expenditure, 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, 2018 and of the deficit and comprehensive loss, its changes in fund and the 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 the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, statement of income and expenditure, statement of comprehensive income, the statement of cash flows, the statement of changes in fund together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

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

ISLAMABAD

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

DATED: 29 OCT 2018

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	47,438,483	51,926,960
Long term security deposits		823,900	723,900
		48,262,383	52,650,860
CURRENT ASSETS			
Advances	6	277,641	386,132
Short term investment	7	13,223,967	11,500,000
Due from related parties	8	692,071	1,162,371
Interest accrued	9	447,361	1,671,210
Receivable from donor agencies	10	3,811,593	4,265,275
Prepayments and other receivable	11	896,791	4,198,450
Taxation - net	12	2,521,583	832,025
Cash and bank balances	13	10,505,258	7,860,108
		32,376,265	31,875,571
TOTAL ASSETS		80,638,648	84,526,431
FUNDS AND LIABILITIES			
FUNDS			
General fund		22,328,742	27,255,033
Endowment fund	14	34,956,235	34,956,235
		57,284,977	62,211,268
NON CURRENT LIABILITIES			
Deferred liability	15	6,883,190	6,000,660
Long term security deposit	16	750,000	750,000
Liabilities against assets subject to finance lease	17	1,312,960	1,931,425
Deferred capital grant	18	1,401,888	1,602,073
Restricted grant	10	8,185,707	7,821,757
		18,533,745	18,105,915
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease	17	618,465	527,579
Accrued and other liabilities	19	4,201,461	3,681,669
		4,819,926	4,209,248
CONTINGENCIES AND COMMITMENTS	20	-	-
TOTAL FUNDS AND LIABILITIES		80,638,648	84,526,431

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018			2017		
		Rupees			Rupees		
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Consultancy income (net)	21	-	712,921	712,921	-	2,064,923	2,064,923
Other income	22	-	14,120,960	14,120,960	-	13,764,151	13,764,151
		-	14,833,881	14,833,881	-	15,829,074	15,829,074
Programme cost	23	(42,619,530)	-	(42,619,530)	(46,186,779)	-	(46,186,779)
Depreciation on restricted assets	5.4	(370,386)	-	(370,386)	(404,181)	-	(404,181)
Administrative cost	24	-	(18,104,274)	(18,104,274)	-	(15,182,181)	(15,182,181)
Financial charges	25	-	(289,698)	(289,698)	-	(322,845)	(322,845)
		(42,989,916)	(18,393,972)	(61,383,888)	(46,590,960)	(15,505,026)	(62,095,986)
(Deficit)/surplus for the year		(42,989,916)	(3,560,091)	(46,550,007)	(46,590,960)	324,048	(46,266,912)
Transfer from restricted grant	10	42,619,530	-	42,619,530	46,186,779	-	46,186,779
Amortization of deferred capital grant	18	370,386	-	370,386	404,181	-	404,181
Taxation	26	-	(1,366,200)	(1,366,200)	-	(1,273,170)	(1,273,170)
		42,989,916	(1,366,200)	41,623,716	46,590,960	(1,273,170)	45,317,790
Net deficit for the year		-	(4,926,291)	(4,926,291)	-	(949,122)	(949,122)

The annexed notes from 1 to 35 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, 2018

	2018 Rupees	2017 Rupees
Deficit after taxation	(4,926,291)	(949,122)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(4,926,291)	(949,122)

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME (CHIP)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus before taxation		(3,560,091)	324,048
Adjustments for non cash items:			
Depreciation	5	4,627,225	4,716,333
Provision for gratuity		1,141,936	22,792
Financial charges		289,698	322,845
Interest income		(1,005,121)	(854,221)
Gain on sale of fixed asset		(1,650)	(123,018)
Amortization of deferred capital grant		(370,386)	(404,181)
		4,681,702	3,680,550
Surplus before working capital changes		1,121,611	4,004,598
Working capital changes			
Decrease/(increase) in current assets:			
Receivable from donor agencies		453,682	(3,429,044)
Due from related parties		470,300	(1,162,371)
Advances		108,491	91,853
Prepayments and other receivable		3,301,659	(3,982,512)
Interest accrued		1,223,849	(1,145,435)
		5,557,981	(9,627,509)
(Decrease)/increase in current liabilities:			
Accrued and other liabilities		519,792	1,014,570
		519,792	1,014,570
Cash generated/(used in) from operations		7,199,384	(4,608,341)
Financial charges paid		(289,698)	(322,845)
Gratuity paid		(259,406)	(968,681)
Tax paid		(3,055,758)	(991,438)
		(3,604,862)	(2,282,964)
Net cash generated from/(used in) operating activities		3,594,522	(6,891,305)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to operating fixed assets		(170,201)	(5,748,304)
Proceed from sale of fixed asset		33,103	3,405,872
Security deposits		(100,000)	(594,000)
Short term investment		(1,723,967)	555,750
Interest received		1,005,121	854,221
Net cash used in investing activities		(955,944)	(1,526,461)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received for the acquisition of capital assets		170,201	479,094
Lease rentals		(527,579)	2,459,004
Long term deposit		-	-
Decrease in restricted grant		363,950	(14,880,980)
Net cash generated from/(used in) operating activities		6,572	(11,942,882)
		2,645,150	(20,360,648)
Net Increase/(decrease) in cash and cash equivalents		2,645,150	(20,360,648)
Cash and cash equivalents at the beginning of the year		7,860,108	28,220,756
Cash and cash equivalents at the end of the year	13	10,505,258	7,860,108

The annexed notes from 1 to 35 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, 2018

	General Fund	Endowment Fund	Total
	Rupees		
Balance as at July 01, 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
Total comprehensive loss for the year	(4,926,291)	-	(4,926,291)
Balance as at June 30, 2018	22,328,742	34,956,235	57,284,977

The annexed notes from 1 to 35 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, 2018

1 CORPORATION AND ITS OBJECTIVES

1.1 Legal status and operations

Civil Society Human and Institutional Development Programme (CHIP) "the Company" is 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 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017).

CHIP took over all the assets, liabilities and business activities of SDC-CHIP on January 01, 2005.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.

The registered office of the Company is situated atCHIP House, Plot No.1, Fayyaz Market, Street No. 9, G-8/2, Islamabad.

1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was not affected by any significant events and transactions during the reporting period.

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 Paksitan comprise of:

- International Financial Reporting Standards (IFRS Standards) / International Financial reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Accounting standards for Not for Profit organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards / IFRS for SMEs or the Accounting Standard for NPOS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting Convention

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 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 of the Company.

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

3.1 Amendments that are effective in current year and are 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 standard:

		Effective date (annual periods beginning on or after)
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017

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:

	Conceptual framework for Financial reporting 2018 - Original Issue	March 2018
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 7	Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	'Applies when IFRS 9 is applied

Effective date (annual periods beginning on or after)

IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
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 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IAS 39	Financial Instruments: Recognition and Measurements- Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is applied
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

Below

		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
	Investments in Associates and Joint Ventures	January 01, 2018

Annual Improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 1, 2019

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 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The effects of IFRS 9 - Financial Instruments, IFRS 15 - Revenues from Contracts with Customers and IFRS 16 - Leases 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant & equipment

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 excluding inventory may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to profit and loss account.

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.

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 Related party transactions

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.

4.16 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.

4.17 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	Transformer	Total
						Rupees					
Net carrying value basis											
Year ended June 30, 2018											
Opening 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
Additions	-	-	-	47,736	122,465	-	-	-	-	-	170,201
Disposals - NBV	-	-	(25,923)	(5,530)	-	-	-	-	-	-	(31,453)
Depreciation charge	-	(2,192,257)	(25,419)	(331,105)	(233,581)	(1,235,527)	-	(91,095)	(294,000)	(224,241)	(4,627,225)
Closing net book value	24,000,000	14,160,256	152,598	1,696,168	123,928	2,737,962	-	216,089	2,352,000	1,999,482	47,438,483
Gross carrying value basis											
As at June 30, 2018											
Cost	24,000,000	36,165,543	2,906,913	4,476,304	4,742,347	7,903,936	-	1,574,454	2,940,000	2,242,410	86,951,907
Accumulated depreciation	-	(22,005,287)	(2,754,315)	(2,780,136)	(4,618,419)	(5,165,974)	-	(1,358,365)	(588,000)	(242,928)	(39,513,424)
Net book value	24,000,000	14,160,256	152,598	1,696,168	123,928	2,737,962	-	216,089	2,352,000	1,999,482	47,438,483
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	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
Annual rate of depreciation		10%	10%	10%	30%	20%	20%	20%	10%	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. 2,886,856 (2017: Rs. 14,032,916).

5.3 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.

5.4 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.1,401,888 under restricted grant funded by donor. The depreciation charged on these assets for the year is Rs. 370,386 (2017:404,181).

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		Note	2018 Rupees	2017 Rupees
6	**ADVANCES**			
	Unsecured - Considered good			
	Advances to:			
	Employees		277,641	137,147
	Field offices		-	248,985
			277,641	386,132
7	**SHORT TERM INVESTMENT**			
	Held to maturity			
	Term Deposit Receipt	7.1	13,223,967	11,500,000

7.1 This represents amount invested in TDRs of HBL carries profit ranging from 5% to 6.5% (2017: 5 % to 6.5% per annum) having maturity of one year.

		Note	2018 Rupees	2017 Rupees
8	**DUE FROM RELATED PARTIES**			
	Unsecured- Considered good :			
	CHIP - Training and Consulting (Private) Limited	8.1	692,071	1,162,371

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

		Note	2018 Rupees	2017 Rupees
9	**INTEREST ACCRUED**			
	Interest accrued :	9.1	447,361	1,671,210

9.1 This represents interest accrued on the amounts invested in TDRs of Habib bank Limited as explained in note 7.1 to the financial statements.

10 RECEIVABLES FROM DONOR AGENCIES / RESTRICTED GRANT

Donor / Projects	Note	Balance as on July 01, 2017		Funds received during the year	Interest income	Amount transferred to/(from) other projects	Transferred to statement of income and expenditure	Amount transferred to deffered capital	Unspent balance recognised as other	Balance as on June 30, 2018	
		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 - p01791		972,233	-	14,915,358	-	-	10,769,906		-	-	3,173,219
Misereor - Evaluation		-	33,487		-	-	-	-	(33,487)	-	-
Misereor 320-004-1124		939,792	-	939,792	-	-	-	-	-	-	-
Misereor 320-004-1142 ZG		-	1,122,993	6,260,750	48,527		8,862,371	134,399	-	1,564,500	-
Caritas Austria - 1520021		-	2,619,820	486,328	-	-	3,697,896	35,802	-	627,550	-
Caritas Austria - 1409032		-	188,946	-	-	-	-	-	-	-	188,946
Catholic Relief Services - R2.16.SUBAGR.6750.000P0488.01.00		-	531,949	-	-	(531,949)	-	-	-	-	-
Catholic Relief Services - R2.17.SUBAGR.6750.000P0488.01.00		1,285,696	-	10,621,143	-	531,949	9,867,396	-	-	-	-
Catholic Relief Services-training on social behavior change		-	-	748,327	-	-	748,327	-	-	-	-
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		-	60,323	-	-	-	-	-	-	-	60,323
Emergencies and Humanitarian		-	2,012,196	711,100	7,992	-	1,746,550	-	-	-	984,738
Global One		-	-	3,097,292	-	-	3,097,292	-	-	-	-
UNICEF - Annual Review Meeting		-	5,179	-	-	-	-	-	(5,179)	-	-
UNICEF-Profiling and evidence generation to accelerate Routine Immunization (RI) activities in urban and peri-urban slums of Pakistan		-	-	2,842,454	-	-	310,836	-	-	-	2,531,618
UNICEF - Line Listing and Profiling of Urban Slums		308,110	-	1,031,835	-	-	723,725	-	-	-	-
Handicap International		-	-	-	-	-	1,619,543	-	-	1,619,543	-
World Health Organisation		-	-	1,175,688	-	-	1,175,688	-	-	-	-
		4,265,275	**7,821,757**	**43,589,511**	**56,519**	-	**42,619,530**	**170,201**	**(38,666)**	**3,811,593**	**8,185,707**

		Note	2018 Rupees	2017 Rupees
11	**PREPAYMETS AND OTHER RECEIVABLE**			
	Prepaid insurance		174,864	178,396
	Receivable from LFW		102,204	102,204
	Receivable from Handicap International		489,175	358,696
	Receivable from JICA		-	3,496,846
	Receivble from CRS		68,240	-
	Receivable from Miserior	10.1	62,308	62,308
			896,791	4,198,450

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

		Note	2018 Rupees	2017 Rupees
12	**TAXATION-NET**			
	Opening balance		832,025	1,113,757
	Less: Provision for taxation		(1,366,200)	(1,273,170)
			(534,175)	(159,413)
	Tax paid/adjusted		3,055,758	991,438
	Closing balance		2,521,583	832,025
13	**CASH AND BANK BALANCES**			
	Cash in hand		50,000	50,000
	Cash at bank:			
	Current accounts - Local currency		583,136	506,545
	Savings accounts			
	- Local currency		3,936,227	2,225,163
	- Foreign currency		5,935,895	5,078,400
		13.1	9,872,122	7,303,563
			10,505,258	7,860,108

13.1 Local currency and foreign currency savings accounts carry mark up ranging from (4.50% to 4.55%) per annum (2017: 3.75% to 3.79%) per annum.

14 ENDOWMENT FUND

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

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	Note	2018 Rupees	2017 Rupees
15 DEFERRED LIABILITY			
Opening balance		6,000,660	6,946,549
Provision for the year		1,141,936	22,792
		7,142,596	6,969,341
Paid during the year		(259,406)	(968,681)
		6,883,190	6,000,660

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.

16 LONG TERM SECURITY DEPOSIT

This represents the refundable security deposit received from the tenat under the lease agreement of the Company's building located at Plot No. 05, Street No. 09, Fayyaz Market, G-8/2, Islamabad.

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2018 Rupees	2017 Rupees
From Orix Leasing (Private) Limted			
Addition duing the year		1,931,425	2,940,000
Paid during the year		(527,579)	(480,996)
		1,403,847	2,459,004
Less: Current portions shown under current liabilities		618,465	527,579
		1,312,960	1,931,425

	Minimum lease payments	Present value	Minimum lease payments	Present value
	2018	2018	2017	2017
	Rupees			
Within one year	789,360	618,465	789,360	527,579
Later than one year but not later than five year	-	-	-	-
	1,377,360	1,312,960	2,166,720	1,931,425
	2,166,720	1,931,425	2,956,080	2,459,004
Less: Finance charges not yet due	(235,295)	-	(497,076)	-
	1,931,425	1,931,425	2,459,004	2,459,004
Current maturity	(618,465)	(618,465)	(527,579)	(527,579)
	1,312,960	1,312,960	1,931,425	1,931,425

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17.1 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	2018 Rupees	2017 Rupees
18	**DEFERRED CAPITAL GRANT**			
	Opening balance		1,602,073	1,527,160
	Grant from donors for capital expenditure		170,201	479,094
			1,772,274	2,006,254
	Less: Amortization during the year		370,386	404,181
	Closing balance	18.1	1,401,888	1,602,073

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

		Note	2018 Rupees	2017 Rupees
19	**ACCRUED AND OTHER LIABILITIES**			
	Payable on account of contract staff benefits		2,635,590	1,745,241
	Payable to suppliers		226,016	721,747
	Employee contribution - leases	19.1	1,142,355	746,412
	Tax withheld		-	99,213
	Withholding tax staff salaries		-	229,056
	Accrued expenses		155,000	140,000
	Receivable from Field Offices		42,500	-
			4,201,461	3,681,669

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

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

There was no contingent liability as at June 30, 2018. (2017: nil).

20.2 Commitments

There was no commitment as at June 30, 2018 (2017: nil).

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21 CONSULTANCY INCOME (NET)

	Note	2018 Rupees	2017 Rupees
Japan International Cooperation Agency			
Income		-	6,882,778
Cost	21.1	(79,584)	(5,102,352)
		(79,584)	1,780,426
Handicap International			
Income		3,902,398	1,297,827
Cost		(3,109,893)	(1,013,330)
		792,505	284,497
Net income		712,921	2,064,923

21.1 This represents the expenses incurred, approved and accounted for in the currrent year.

22 OTHER INCOME

	Note	2018 Rupees	2017 Rupees
Building rent	22.1	5,692,500	5,550,000
Services (utilities, vehicles, generator etc.)		4,302,479	3,951,989
Project monitoring fee	22.2	1,712,535	1,904,609
Contribution from employees against vehicle lease		-	849,286
Gain on sale of fixed assets		1,650	123,018
Interest income		1,005,121	854,221
Accountancy and consultancy service charges		420,000	420,000
Exchange gain / (loss)		853,931	(50,494)
Miscellaneous income		132,744	161,522
		14,120,960	13,764,151

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

22.2 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.

		Note	2018 Rupees	2017 Rupees
23	**PROGRAMME COST**			
	UNICEF - PAK/13/195		-	-
	Light for the World - p00945		-	-
	Caritas Austria - 1409032		-	-
	Misereor 320-004-1124		-	7,016,020
	Brien Holden Vision Institute		-	-
	Catholic Relief Services - 8770402		-	349,249
	Emergencies and Humanitarian	23.1	1,746,550	2,039,699
	Muslim Care		-	-
	Light for the World - p01791	23.2	10,769,906	10,625,481
	Caritas Austria - 1520021	23.3	3,697,896	8,132,364
	Catholic Relief Services -			-
	R2.16.SUBAGR.6750.000P0488.01.00		-	8,441,922
	Catholic Relief Services -			
	R2.17.SUBAGR.6750.000P04	23.4	9,867,396	1,285,696
	Catholic Relief Services - Documentry on Importance of Immunization for Federal EPI		-	334,679
	Catholic Relief Services - SMILER workshop		-	334,340
	Global One	23.5	3,097,292	553,236
	UNICEF - Annual Review Meeting		-	2,365,393
	UNICEF - Line Listing and Profiling of Urban Slun	23.6	723,725	3,808,110
	Misereor 320-004-1142 ZG	23.7	8,862,371	900,590
	World Health Organization	23.8	1,175,688	-
	Handicap International	23.9	1,619,543	-
	Catholic Relief Services-training on social	23.10	748,327	-
	UNICEF-profiling of slums & evidence generation to accelerate RI in slums	23.11	310,836	-
			42,619,530	46,186,779

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

23.2 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 society.

23.3 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.

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

23.5 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.

23.6 This activity has been undertaken for UNICEF for line listing/profiling of slums in Karachi & Hyderabad.

23.7 Misereor funded this project is being implemented in Tehsil & District Layyah, Punjab Province for Inclusive Community Development through Local Human & Institutional Development.

23.8 This represents the assignement funded by World Health Organization to consult major stakeholders about promoting universal health coverage in Pakistan.

23.9 This activity has been undertaken by Handicap International to promote happiness & growth in vulnerable children.

23.10 This activity has been undertaken for CRS to arrange workshop for three days on behaviour change communications of the communities by External Consultants in Islamabad.

23.11 This Project concerns with the Profiling of slums in 7 major cities of Pakistan and Evidence Generation to accelerate RI in Urban Slums .

24 ADMINISTRATIVE COST

	Note	2018 Rupees	2017 Rupees
CHIP own staff salaries		9,067,529	6,461,032
CHIP staff life insurance		26,500	26,500
CHIP staff travelling		156,874	65,435
CHIP own staff capacity building		57,360	-
Telephone and communications		261,502	306,908
Internet and postage		168,515	189,402
Utilities		814,969	1,186,211
Generator fuel and repairing		270,007	536,675
Stationery		66,763	34,637
Publication and Advertisement		11,600	5,800
Supplies		138,768	299,120
Gratuity		1,141,936	22,792
Repairs and maintenance - vehicle		196,211	177,904
Subscription charges		30,333	31,538
Insurance on vehicles		312,771	244,201
Repair and maintenance-Office and Equipment		203,152	95,572
Security services charges-CHIP building		595,284	462,343
Depreciation	5	4,256,839	4,312,152
Provision against advances		-	100,000
Property tax expense		16,122	31,013
Auditors' remuneration		155,000	140,000
Legal and Professional Fee		82,100	346,066
Miscellaneous		74,139	106,880
		18,104,274	15,182,181

25 FINANCIAL CHARGES

Finance charge on finance lease		261,781	308,364
Bank Charges		27,917	14,481
		289,698	322,845

26 TAXATION

Provision for taxation		1,366,200	1,273,170

Comparison of tax provision made in accounts as per tax return and as assessed by the tax authorities:

	Tax year 2017	2016	2015
	----	Rupees	----
Provision for taxation	1,273,170	1,083,360	573,870
Tax authorities assessment as per tax return	1,273,170	1,083,360	1,068,217

26.1 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.

27 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

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

	2018				2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees							
Managerial remuneration	5,846,148	-	3,594,000	9,440,148	5,846,148	-	3,068,154	8,914,302
Benefits	1,065,081	-	425,904	1,490,985	724,056	-	364,548	1,088,604
	6,911,229	-	4,019,904	10,931,133	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.

28 FINANCIAL ASSETS AND LIABILITIES

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

2018

	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	692,071	-	-	-	692,071
Long term security deposits	823,900	-	-	-	823,900
Advances	277,641	-	-	-	277,641
Short term investment	13,223,967	13,223,967	-	13,223,967	-
Receivable from donor agencies	3,811,593	-	-	-	3,811,593
Other receivbles	721,927	-	-	-	721,927
Cash and bank balances	10,505,258	9,872,122	-	9,872,122	633,136
	30,056,357	23,096,089	-	23,096,089	6,268,197
Financial liabilities					
Financial liabilities carried at amortized cost					
Obligation under finance lease	1,931,425	618,465	1,312,960	1,931,425	-
Long term security deposits	750,000	-	-	-	750,000
Gratuity payable	6,883,190	-	-	-	6,883,190
Accrued and other liabilities	4,201,461	-	-	-	4,201,461
	13,766,076	618,465	1,312,960	1,931,425	11,834,651
On SOFP gap	16,290,281	22,477,624	(1,312,960)	21,164,664	(5,566,454)
Off SOFP Items					
Total Gap	16,290,281	22,477,624	(1,312,960)	21,164,664	(5,566,454)

2017

	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					
Due from related parties	1,162,371	-	-	-	1,162,371
Long term security deposits	723,900	-	-	-	723,900
Advances	386,132	-	-	-	386,132.00
Short term investment	11,500,000	11,500,000	-	11,500,000	-
Receivable from donor agencies	4,265,275	-	-	-	4,265,275
Other receivbles	4,020,054	-	-	-	4,020,054
Cash and bank balances	7,860,108	7,810,108	-	7,810,108	50,000
	29,917,840	19,310,108	-	19,310,108	9,445,361
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	17,354,776	18,782,529	(1,931,425)	16,851,104	(658,699)
Off Balance sheet Items					
Total Gap	17,354,776	18,782,529	(1,931,425)	16,851,104	(658,699)

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

29 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.

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 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:

	2018 Rupees	2017 Rupees
Long term security deposits	823,900	723,900
Advances	277,641	386,132
Short term investment	13,223,967	11,500,000
Receivable from donor agencies	3,811,593	4,265,275
Other receivable	721,927	3,661,358
Bank balances	10,455,258	7,810,108
	29,314,286	28,346,773

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.

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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	One to two years	Two to five years	Over five years
				Rupees			
2018							
Long term security deposit	750,000	750,000	-	-	-	-	750,000
Gratuity payable	6,883,190	6,883,190	-	-	-	-	6,883,190
Liabilities against assets subject to finance lease	1,931,425	1,931,425	263,789	263,789	618,465	1,312,960	1,931,425
Accrued and other liabilities	4,201,461	4,201,461	2,100,731	2,100,731	-	-	-
	13,766,076	13,766,076	2,364,520	2,364,520	618,465	1,312,960	9,564,615

	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							
Gratuity payable	6,000,660	6,000,660	-	-	-	-	6,000,660
Accrued and other liabilities	3,681,669	3,681,669	3,681,669	-	-	-	-
	10,209,908	10,209,908	3,681,669	527,579	-	-	6,000,660

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 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:

	2018 Rupees	2017 Rupees
Name of Currency		
Cash at bank:		
GBP	4,087,232	3,510,360
Euro	1,848,663	1,568,040
	5,935,895	5,078,400

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:

	2018	2017	2018	2017
	Rates (In percent)		Carrying amount Rupees	
Financial assets				
Fixed rate instruments				
Short term investment	5% to 6.5%	5% to 6.5%	13,223,967	11,500,000
Bank balances	4.50% to 4.55 %	3.75% to 3.79 %	10,455,258	7,810,108

30 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.

31 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:

	2018 Rupees	2017 Rupees
CHIP- Training and Consulting (Private) Limited		
(Associated company)		
Income on account of office rent	2,145,000	1,950,000
Income on account of common cost	1,470,764	2,014,269
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

32 NUMBER OF EMPLOYEES

The number of employees as at year end was 29 (2017: 35) and average number of employees during the year was 30 (2017: 40).

33 CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with the requirements in Companies Act, 2017. The fifth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017.

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 29 OCT 2018 by the Board of Directors of the Company.

35 GENERAL

Figures have been rounded off to the nearest Pak Rupee.

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