

**CIVIL SOCIETY HUMAN AND INSTITUTIONAL
DEVELOPMENT PROGRAMME (CHIP)**

**FINANCIAL STATEMENTS FOR
THE PERIOD ENDED JUNE 30, 2005**



■ **Ford Rhodes Sidat Hyder & Co.**
Chartered Accountants
Mall View Building, 4- Bank Square
P.O. Box No. 104
Lahore 54000, Pakistan

■ Phone: (92-42) 721 1531-38
Fax: (92-42) 721 1530 & 39
frsh.lhr@pk.ey.com
Principal Office at Karachi
www.ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Civil Society Human And Institutional Development Programme** as at **June 30, 2005** and the related profit and loss account and cash flow statement together with the notes forming part thereof, for the period from October 20, 2004 to June 30, 2005 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 report that-

- (a) in our opinion, proper books of accounts 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 accounts and are further in accordance with accounting policies adopted;
 - ii) the expenditure incurred during the period was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the period 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 and cash flow statement together with the notes forming part thereof conform with 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, 2005 and of the profits, its cash flow for the period then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore:

22 DEC 2005

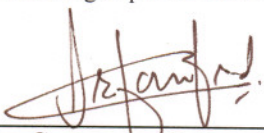
Ford Rhodes Sidat Hyder
Chartered Accountants

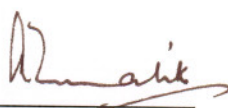
frsh

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
BALANCE SHEET
AS AT JUNE 30, 2005

	<u>Note</u>	<u>June 30, 2005</u> (Rupees)
NON TANGIBLE ASSETS		
Operating Fixed Assets	3	17,192,057
CURRENT ASSETS		
Advances, deposits and other receivables	4	1,975,042
Cash and Bank Balances	5	17,221,570
		19,196,613
LESS: CURRENT LIABILITIES		
Accrued and Others Payables	6	4,778,186
Provision for taxation		266,444
		5,044,630
WORKING CAPITAL		14,151,983
TOTAL CAPITAL EMPLOYED		31,344,039
NON CURRENT LIABILITIES		
Payable to Swiss Agency for Development Corporation	7	15,289,086
Payable to Muslim Care	8	2,408,516
Deferred Taxation		43,000
		17,740,602
NET CAPITAL EMPLOYED		13,603,437
REPRESENTED BY:		
Fund Balances	9	13,603,437
		13,603,437
Contingencies and Commitments	10	

The annexed notes form an integral part of these financial statements.


 Director Corporate Affairs


 Chief Executive



**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD FROM OCTOBER 20,2004 TO JUNE 30, 2005**

**OCTOBER 20,2004
TO
JUNE 30, 2005
(Rupees)**

Note

INCOME

Project Implementation	11	19,296,559
Training Fee		370,310
Consultancy Fee		5,892,556
Interest Income		84,116
Other Income		66,785
		25,710,327

EXPENDITURE

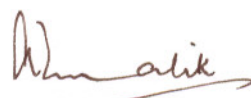
Grants to Partners	12	13,362,527
Project Management Cost-Muslim Care	13	1,371,484
HID- Support To Partners	14	1,134,914
CHIP Organizational Development Activities	15	142,916
Running And Donor supported Capital Cost	16	5,325,754
Training Cost		79,573
Consultancy Cost		2,980,851
		24,398,019

Surplus before taxation		1,312,308
Taxation	17	309,444
Surplus after taxation		1,002,864

The annexed notes form an integral part of these financial statements.



Director Corporate Affairs



Chief Executive

fabu

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
CASH FLOW STATEMENT
FOR THE PERIOD FROM OCTOBER 20,2004 TO JUNE 30, 2005

OCTOBER 20,2004
TO
JUNE 30, 2005
(Rupees)

CASH FLOW FROM OPERATING ACTIVITIES

Surplus for the period before taxation	1,312,308
Adjustment for:	
Depreciation	1,264,229
Surplus before working capital changes	2,576,537

Working Capital Changes

Increase in advances, deposits and others receivables	(1,975,042)
Increase in accrued and other payables	4,778,186
	2,803,144
Net Cash Flow from operating activities	5,379,680

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Operating fixed assets	(18,456,285)
------------------------------------	--------------

CASH FLOW FROM FINANCING ACTIVITIES

Capital Fund	12,600,573
Net grant received from Swiss Agency for Development Corporation	15,289,086
Net grant received from Muslim Care	2,408,516

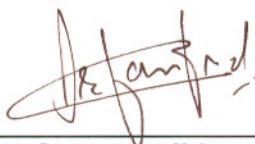
Net Cash Flow from financing activities	30,298,175
--	-------------------

Net Increase in cash and cash equivalents	17,221,570
--	-------------------

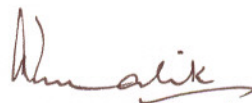
Cash and cash equivalents at the beginning of the period	-
---	----------

Cash and cash equivalents at the end of the period	17,221,570
---	-------------------

The annexed notes form an integral part of these financial statements.



Director Corporate Affairs



Chief Executive



**CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 20, 2004 TO JUNE 30, 2005**

1. COMPANY AND OBJECTIVES

Civil Society Human and Institutional Development Programme (CHIP) was formed on October 20, 2004 as a public limited company by guarantee having no share capital, under section 42 of the Companies Ordinance 1984. The 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, non-formal education and micro and small enterprise promotion.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Accounting Convention

These financial statements are prepared under the historical cost convention without any adjustment of inflation or current values.

2.2. Revenue Recognition

Training Fee, Consultancy fee and Interest Income are recognized on an accrual basis.

2.3. Grants for Emergency Relief

These are expensed out as and when they are received.

2.4. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on the cost of an asset on straight line basis at the rates given in note 3 the financial statements. Full year's depreciation is charged in the year of purchase, whereas no depreciation is charged in the year of disposal.

2.5. Capital Grants

Capital Grants received for the purchase of fixed assets are recognized on receipt basis and are credited to fund account.

2.6. Provident Fund

CHIP operates an unrecognised contributory employees' provident fund. Contributions are deducted @ 5% of basic salary from employees and equal amount is contributed by CHIP.

2.7. Grants

Grants are recognized to the extent the expenditure is incurred.

2.8. Taxation:

Current

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any

Deferred:

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying values. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amounts of all deferred taxes are reviewed at each balance sheet date and reduced to the extent, if it is no longer hat sufficient taxable profits will be available to allow all or part of the deferred tax.

The tax rates enacted at the balance sheet date are used to determine deferred tax.

frab

3. TANGIBLE FIXED ASSETS

Following is the statement of operating fixed assets:

Amounts in Rupees						
COST			DEPRECIATION		BOOK VALUE As At June 30, 2005	Rate
Additions	As at June 30, 2005	Depreciation For the Period	Accumulated Depreciation As At			
OWNED						
Land (Note 3.2)	7,000,000	7,000,000	-	-	7,000,000	0%
Building	6,831,000	6,831,000	341,550	341,550	6,489,450	5%
Electricity and Gas Equipment	662,900	662,900	66,290	66,290	596,610	10%
Furniture and Fixture	299,585	299,585	29,959	29,959	269,627	10%
Computer and Associate	949,500	949,500	284,850	284,850	664,650	30%
Vehicle	2,700,000	2,700,000	540,000	540,000	2,160,000	20%
Books	2,500	2,500	500	500	2,000	20%
Office Equipment	10,800	10,800	1,080	1,080	9,720	10%
Total	18,456,285	18,456,285	1,264,229	1,264,229	17,192,057	

3.1 Additions to fixed assets include fixed assets amounting to Rs. 4,570,200 acquired from Swiss NGO Programme on January 01, 2005 and their respective value on that date has been determined by an independent valuer, Gulf Consultants.

3.2 This represents the amount paid for the purchase of land and building in the month of June 2005 and it was transferred in the name of the company on July 04, 2005 by the Capital Development Authority.

OCTOBER 20,2004

TO

NoteJUNE 30, 2005

(Rupees)

4. ADVANCES, DEPOSITS AND OTHERS RECEIVABLES

Receivables -Partner NGO's	466,465
Receivables from clients- Consultancy	1,088,392
Receivables from Staff	22,185
Advance Rent	330,000
Security Deposit	68,000
	<u>1,975,042</u>

5. CASH IN HAND AND BANK BALANCES

Cash in Hand	83,616
Cash at Bank	
Current Accounts	12,997,607
Savings Account	4,140,347
	<u>17,137,954</u>
	<u>17,221,570</u>

6. ACCRUED AND OTHER PAYABLES

With holding Tax	35,302
Provident Fund Payable	99,431
Accrued expenses	1,384,889
Other Payables	6.1 3,258,564
	<u>4,778,186</u>

6.1 Other payables includes Rs.2,700,000 payable against purchase of land and building.

7. PAYABLE TO SWISS AGENCY FOR DEVELOPMENT CORPORATION

Opening balance transferred from Swiss NGO Programme on January 01, 2005	9,088,136
Add: Grants received during the period	25,242,267
Less: Amount recognized in the income and expenditure accounts	11 17,925,075
Less: Receivable from Partner NGOs against disbursements	1,116,242
Closing balance	<u>15,289,086</u>

7.1 Assets acquired from SDC-CHIP

Operating fixed assets	-
Current assets	9,163,050
Current liabilities	74,914
	<u>9,088,136</u>

8. PAYABLE TO MUSLIM CARE

Grants received during the period	3,780,000
Less: Amount recognized in the income and expenditure accounts	11 1,371,484
Closing balance	<u>2,408,516</u>

9. FUND BALANCES

Capital Fund	9.1 12,600,573
Revenue Fund	1,002,864
	<u>13,603,437</u>

9.1 Capital Fund

Assets acquired from SDC-CHIP	4,570,200
Grant received for the purchase of land and building	7,012,600
Adjustment of Muslim Care Expenses	223,300
Funds transferred	794,473
Closing balance	<u>12,600,573</u>

CIVIL SOCIETY HUMAN AND INSTITUTIONAL DEVELOPMENT PROGRAMME

OCTOBER 20,2004
TO
JUNE 30, 2005
(Rupees)

10. CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

Nil

10.2 COMMITMENTS

Nil

11. PROJECT IMPLEMENTATION

Grant for partners	15,050,000
Grant for running expenses	2,875,075
	17,925,075
Project Management-Muslim Care	1,371,484
	<u>19,296,559</u>

12. GRANTS TO PARTNERS

SDC Phase I	602,669
Aurat Association (AA)	555,649
Indus Resource Centre (IRC)	1,015,000
ROZAN	990,000
Pakistan Institute of Environmental Development Action Research (PIEDAR)	822,000
World Wide Fund for Nature Pakistan (WWF-P)	800,000
Samaji Behbood Rahita Council (SBRC)	930,000
Pakistan Village Development Programme (PVDV-HID)	893,000
The Development and Welfare Agency (DWAY)	913,000
Malakand Rural Support Tahreek of Humanity (MRSTAH)	665,000
Tanzeem Zalmay Kul Teerat (TZKT)	567,101
Rural Development Project (RDP)	422,807
Women Association Struggle for Development (WASFD)	642,200
Anjuman-e-Behbood-e-Khawateen Talash (ABKT)	314,851
Sustainable Development, Educational, Rural Infrastructure, Veterinary care and Environment (SERVE)	500,000
Organisation of Development of Agro- based Community (ODAC)	469,515
Kher Khagara Tanzeem (KKT)	609,000
Development Empowerment Women Association (DEWA)	427,100
Dehi Igtami Social Workers Council (DITSWC)	391,422
Rural Development Organization (RDO)	385,200
Ansar Welfare Association Zalam Kot (AWAZ)	222,013
Mashal Development Organization (MDO)	225,000
	<u>13,362,527</u>

13. PROJECT MANAGEMENT COST- MUSLIM CARE

Project Expenses - PVDP-Muslim Care	268,160
Project Expenses - PIEDAR-Muslim Care	291,375
Sohawa - Operations Cost	76,913
Sohawa - Programme	420,851
Sohawa - Capital Cost	90,885
M&E MC	180,000
Implementation Exp Muslim Care	43,300
	<u>1,371,484</u>

fresh

June 30, 2005

(Rupees)

14. HID-SUPPORT TO PARTNERS

Partners Boarding & Lodging	292,233
Value Audit of partner NGO's	153,431
PSA	86,400
Training on Progress report workshop	80,000
Generic TOT for Partners	240,000
Training workshops on planning	96,000
Strategic planning of 5 NGO's	65,000
Assessment of Organization Development needs	121,850
	<u>1,134,914</u>

15. CHIP ORGANIZATIONAL DEVELOPMENT ACTIVITIES

Staff Appointment /Advertisement /HR Consultant	70,000
Development of Information Technology System and Policies	20,000
Staff Training Cost	45,280
Printing, Publication & advertisement	7,636
	<u>142,916</u>

16. RUNNING AND DONOR SUPPORTED CAPITAL COST

Staff salaries-SDC	2,236,064
Staff Medical Expenses	110,596
Staff Travel Expenses	150,330
Staff Hotel Cost	84,173
Staff bonus /incentives	283,650
Staff Life Insurance	40,050
Contribution CP Fund	49,530
Fuel expenses	73,400
Vehicle Repair and Maintenance	30,114
Printing & stationery	53,591
Postage	36,751
Utilities	79,730
Telephone/Fax/Entertainment	255,819
Repair & Maintenance-Equipment	38,805
Repair & Maintenance-Office	18,005
Bank charges	2,335
Miscellaneous	14,625
Equipment and Furniture	10,800
Own expenses	16.1
	<u>1,757,386</u>
	<u>5,325,754</u>

16.1 OWN EXPENSES

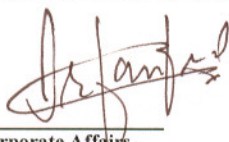
Staff Salaries	133,742
Rent	270,000
Own Field Expenses	89,415
Depreciation	1,264,229
	<u>1,757,386</u>

17. TAXATION

Current	
- for the year	266,444
Deferred	
- Expenses (Income) relating to organization and reversal of temporary difference	43,000
	<u>309,444</u>

18. GENERAL

- Figures have been rounded off to the nearest of rupee.



Director Corporate Affairs



Chief Executive

