

**PUBLIC INTEREST LAW
ASSOCIATION OF PAKISTAN**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**



A. F. FERGUSON & CO.

The Executive Committee
Public Interest Law Association of Pakistan
3rd Floor, Adamjee House
I.I.Chundrigar Road
Karachi

November 28, 2012

C 0355

Dear Sirs

DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

We enclose five copies of the draft financial statements of Public Interest Law Association of Pakistan ("the Association") for the year ended June 30, 2012 with our draft audit report thereon duly initialled by us for identification purposes. We shall be pleased to sign our report in its present or amended form after:

- (a) these financial statements have been approved by the Executive Committee and signed by any two of its members authorised in this behalf;
- (b) we have seen the specific approval of the Executive Committee in respect of the following:

	Rupees
• investment in 3,990 units of Askari Sovereign Cash Fund	400,000
• fixed capital expenditure incurred during the year	7,500

- (c) we have received an appropriately signed letter of representation along the lines of the draft provided to the Executive Committee; and
- (d) we have received direct response from Allied Bank Limited (Clifton Branch) to our request for confirmation of balance and other information as at June 30, 2012.

We take this opportunity to draw your attention to certain accounting and related matters which are set forth in the following paragraphs:

2. RESPONSIBILITIES OF THE MANAGEMENT AND THE AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors, in a usual examination of financial statements, are explained in International Standard on Auditing 200, "Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing." While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of the financial statements is primarily that of the management in accordance with applicable financial reporting framework, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. The management's responsibilities include to provide the auditors with (i) all information, such as records and documentation, and other matters that are relevant to the preparation and presentation of the financial statements; (ii) any additional information that the auditors may request from the management; and (iii) unrestricted access to those within the entity from whom the auditors determine it necessary to obtain audit evidence. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PLA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: House No. 1, Street No. 3, Darulaman Road, Ayoub Khan Meina, Opposite Ayoub Khan Mosque, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320



A. F. FERGUSON & CO.

Letter C 0355
dated November 28, 2012

We would like to inform the management that unless we have signed the auditors' report on these financial statements, the same shall remain and be deemed unaudited.

3. CONTINGENCIES AND COMMITMENTS

We have been given to understand by the management of the Association that there were no contingencies and commitments required to be disclosed in the financial statements.

We wish to place on record our appreciation of the courtesy and cooperation extended to us during the course of our audit.

Yours truly

A handwritten signature in cursive script, appearing to read "A. F. Ferguson & Co.", is written over the typed name.

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INDEPENDENT AUDITORS' REPORT TO THE EXECUTIVE COMMITTEE

We have audited the annexed balance sheet of **Public Interest Law Association of Pakistan (here-in-after referred to as "the Association")**, as at June 30, 2012 and the related income and expenditure account, statement of changes in accumulated fund and cash flow statement together with the notes forming part thereof (here-in-after referred to as the financial statements), for the year then ended.

It is the responsibility of the executive committee to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the cash receipts and expenditure incurred basis of preparation as described in note 2.1 to the annexed financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in note 2.1, the financial statements have been prepared on the cash receipts and expenditure basis of accounting, which is a comprehensive basis of accounting other than the generally accepted accounting principles. In our opinion the financial statements present fairly, in all material respects, the cash receipts and expenditure of the Association for the year ended June 30, 2012 on the basis of accounting as described in note 2.1 to the statements.

The financial statements of the Association for the period ended June 30, 2011 were audited by another firm of Chartered Accountants whose report dated October 07, 2011 expressed an unqualified opinion on those financial statements.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: December 4, 2012

Karachi

**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
BALANCE SHEET
AS AT JUNE 30, 2012**

	Note	2012	2011
		----- Rupees -----	
ASSETS			
Non-current assets			
Operating fixed assets	4	5,130	-
Current assets			
Short-term investments	5	400,000	-
Advance tax		209	-
Cash and bank balances	6	135,577	134,819
		535,786	134,819
Total assets		<u>540,916</u>	<u>134,819</u>
LIABILITIES			
Current liabilities			
Interest-free loan from member		100,000	-
Accrued expenses	7	88,000	20,000
Total liabilities		188,000	20,000
NET ASSETS		<u>352,916</u>	<u>114,819</u>
REPRESENTED BY:			
Accumulated fund		<u>352,916</u>	<u>114,819</u>
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 11 form an integral part of these financial statements.

Alto

Executive Committee Member


Executive Committee Member

**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012**

For the
period from
February 1,
2011 to June
30, 2011
----- Rupees -----

INCOME


Note	For the year ended June 30, 2012	For the period from February 1, 2011 to June 30, 2011
	438,700	101,200
Members' subscription		
Donations	343,100	130,000
Total income	781,800	231,200

EXPENDITURE

Salaries, wages and benefits	226,327	-
Staff commission	8,420	-
Legal services costs	129,800	-
Advertisement and publication expenses	1,610	-
Entertainment expenses	2,310	-
Travelling and conveyance	20,145	-
Communication expenses	45,940	7,520
Legal and professional charges	49,000	-
Printing and stationery	36,084	56,648
Depreciation	2,370	-
Auditors' remuneration	20,000	20,000
Incorporation expenses	-	32,078
Bank charges	1,427	135
Miscellaneous expenses	270	-
Total expenditure	543,703	116,381
Surplus of income over expenditure for the year / period before taxation	238,097	114,819
Taxation	3.8	-
Surplus of income over expenditure for the year / period after taxation	238,097	114,819

The annexed notes 1 to 11 form an integral part of these financial statements.


Executive Committee Member


Executive Committee Member

**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Accumulated Fund	Total
	----- Rupees -----	
Balance at June 30, 2010	-	-
Surplus of income over expenditure for the period after taxation	114,819	114,819
Balance at June 30, 2011	<u>114,819</u>	<u>114,819</u>
Surplus of income over expenditure for the year after taxation	238,097	238,097
Balance at June 30, 2012	<u><u>352,916</u></u>	<u><u>352,916</u></u>

The annexed notes 1 to 11 form an integral part of these financial statements.

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Executive Committee Member

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Executive Committee Member

PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2012

	For the year ended June 30, 2012	For the period from February 1, 2011 to June 30, 2011
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus of income over expenditure for the year / period after taxation	238,097	114,819
Adjustments for non-cash item:		
Depreciation	2,370	-
	<u>240,467</u>	<u>114,819</u>
Increase in current assets		
Advance tax	(209)	-
Increase in current liabilities		
Accrued expenses	68,000	20,000
	<u>308,258</u>	<u>134,819</u>
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,500)	-
Investments made	(400,000)	-
Net cash used in investing activities	(407,500)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest-free loan from member	100,000	-
Net cash from financing activities	<u>100,000</u>	<u>-</u>
Net increase in cash and cash equivalents	758	134,819
Cash and cash equivalents at the beginning of the year	134,819	-
Cash and cash equivalents at the end of the year	6 <u><u>135,577</u></u>	<u><u>134,819</u></u>

The annexed notes 1 to 11 form an integral part of these financial statements.


 Executive Committee Member


 Executive Committee Member

**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

1 LEGAL STATUS AND ACTIVITIES

Public Interest Law Association of Pakistan (hereinafter called "the Association") was registered under the Societies Registration Act, 1860 on February 1, 2011. The Association operates as an independent, voluntary, non-profit organisation approved by the Federal Board of Revenue under Section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rules 212 and 220 of the Income Tax Rules, 2002. The registered office of the Association is situated at suite no. 204, Marine Pride, Plot no. BC 2, KDA scheme 5, Clifton Block 7, Karachi, Pakistan.

The main objectives of the Association are to promote, support, undertake and pursue public interest litigation in Pakistan and to provide legal assistance and services to government and non-government institutions, local traditional and other groups and individuals so as to enhance and support their endeavours to protect human, public and fundamental rights.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared on a cash receipts and expenditure basis of accounting which is a comprehensive basis of accounting other than the generally accepted accounting principles. Under the cash receipts and expenditure basis of accounting, revenue is recognised when received and expenses are recognised when incurred.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying the Association's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience including expectations of future events that are believed to be reasonable under the circumstances. The area where assumptions and estimates are significant to the Association's financial statements or where judgment was exercised in application of accounting policies is depreciation charged on operating fixed assets (note 4).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

3.1 Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is charged using the straight line method in accordance with the rates specified in note 4. Depreciation is charged on additions from the date the asset becomes available for use while no depreciation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the assets will flow to the Association and the costs of the items can be measured reliably.

Gains and losses on disposals of assets, if any, are included in the income and expenditure account in the period of disposal.

Repairs and maintenance expenses are charged to the income and expenditure account in the period in which these are incurred.

3.2 Financial instruments

Financial instruments carried on the balance sheet include short-term investments, other receivables, cash and bank balances, long-term loan and accrued expenses.

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Financial assets and liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from them have expired or have been transferred and the Association has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations under the liabilities are discharged or cancelled or expired.

3.3 Short-term investments

These are stated in the balance sheet at cost.

3.4 Advances and other receivables

These are stated at cost less estimates made for doubtful receivables based on review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and cash at bank.

3.6 Accrued expenses

These are carried at cost which is the fair value of the consideration to be paid for the goods and services.

3.7 Revenue recognition

Members' subscription and registration fee is recognised on a receipt basis in accordance with the basis of accounting disclosed in note 2.1.

3.8 Taxation

The Association has been approved as a non-profit organisation under section 2(36)(c) of the Income Tax Ordinance, 2001 by the Commissioner Inland Revenue vide letter no. 3352 / 2011 - 12 dated May 22, 2012. Accordingly, the income of the Association (other than income generated from business activity) is exempt from tax.

3.9 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Association operates. The financial statements are presented in Pakistani Rupees, which is the Association's functional and presentation currency.

4 OPERATING FIXED ASSETS

The following is a statement of operating fixed assets:

	----- 2012 -----	
	Computer equipment	Total
	----- Rupees -----	
At July 1, 2011		
Cost	-	-
Accumulated depreciation	-	-
Net book value	<u>-</u>	<u>-</u>
Year ended June 30, 2012		
Opening net book value	-	-
Additions	7,500	7,500
Disposals		
Cost	-	-
Accumulated depreciation	-	-
Depreciation for the year	(2,370)	(2,370)
Closing net book value	<u>5,130</u>	<u>5,130</u>
At June 30, 2012		
Cost	7,500	7,500
Accumulated depreciation	(2,370)	(2,370)
Net book value	<u>5,130</u>	<u>5,130</u>
Depreciation rate (% per annum)	33.33%	

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5 SHORT-TERM INVESTMENTS

Investment in units of mutual funds

Name of the Fund	----- Number of units -----				As at June 30, 2012	Cost as at June 30, 2012 Rupees
	As at July 1, 2011	Purchases during the year	Bonus units received during the year	Sales / redemptions during the year		
Askari Sovereign Cash Fund *	-	3,990	35	-	4,025	400,000

* The fair market value of these investments as at June 30, 2012 was Rs 404,397.

6 CASH AND BANK BALANCES	2012 ----- Rupees -----	2011 ----- Rupees -----
Cash at bank - in current account	126,766	134,819
Cash in hand	8,811	-
	<u>135,577</u>	<u>134,819</u>

7 ACCRUED EXPENSES	2012	2011
Legal and professional charges payable	48,000	-
Auditors' remuneration payable	40,000	20,000
	<u>88,000</u>	<u>20,000</u>

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as on June 30, 2012 and June 30, 2011.

9 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison. During the current year, no significant reclassifications were made in these financial statements.

10 DATE OF AUTHORISATION

These financial statements were authorised for issue on 01 DEC 2012 by the Executive Committee of the Association.

11 GENERAL

Figures have been rounded off to the nearest rupee.

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Executive Committee Member


Executive Committee Member