

**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2014**



**A. F. FERGUSON & CO.**

The Executive Committee  
Public Interest Law Association of Pakistan  
7<sup>th</sup> Floor, Adamjee House  
I.I.Chundrigar Road  
Karachi

September 11, 2014

C 0153

Dear Sirs

**DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

We enclose five copies of the draft financial statements of Public Interest Law Association of Pakistan ("the Association") for the year ended June 30, 2014 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:
- |   | <b>Rupees</b> |
|---|---------------|
| • investment in 9,113 units of Askari Sovereign Cash Fund | 920,000       |
| • fixed capital expenditure incurred during the year      | 215,050       |
- (c) we have received an appropriately signed letter of representation along the lines of the draft provided to the Executive Committee;
- (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, 2014; and
- (e) we have received confirmation in respect of the investments held in Askari Sovereign Cash Fund as at June 30, 2014.

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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*Su*  
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  
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Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

**A. F. FERGUSON & CO.**

Letter C 0153  
dated September 11, 2014

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. BANK RECONCILIATION STATEMENTS**

During the course of our audit we noted that bank reconciliation statements have not been prepared as a result of which reconciling items were not identified. We recommend that the management should prepare and review bank reconciliation statements so as to identify and resolve the reconciling items on a timely basis.

**4. 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 blue ink, appearing to read "A. Ferguson", is written over the typed name.

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**A. F. FERGUSON & CO.**

**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, 2014 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 incurred 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, 2014 on the basis of accounting as described in note 2.1 to the financial statements.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: September 20, 2014

Karachi

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**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN  
BALANCE SHEET  
AS AT JUNE 30, 2014**

|  | Note | 2014<br>----- Rupees ----- | 2013             |
|--|------|----------------------------|------------------|
| <b>ASSETS</b>                            |      |                            |                  |
| <b>Non-current assets</b>                |      |                            |                  |
| Operating fixed assets                   | 4    | 213,992                    | 21,263           |
| <b>Current assets</b>                    |      |                            |                  |
| Short-term investments                   | 5    | 1,323,214                  | 1,019,783        |
| Advances, deposits and prepayments       |      | 1,500                      | -                |
| Advance tax                              |      | 809                        | 809              |
| Cash and bank balances                   | 6    | 28,029                     | 6,524            |
|  |      | 1,353,552                  | 1,027,116        |
| <b>Total assets</b>                      |      | <u>1,567,544</u>           | <u>1,048,379</u> |
| <b>LIABILITIES</b>                       |      |                            |                  |
| <b>Current liabilities</b>               |      |                            |                  |
| Interest free loan from member           |      | -                          | 100,000          |
| Advances against annual subscription fee |      | 2,400                      | -                |
| Accrued expenses                         | 7    | 20,800                     | 20,000           |
|  |      | 23,200                     | 120,000          |
| <b>Total liabilities</b>                 |      | <u>23,200</u>              | <u>120,000</u>   |
| <b>NET ASSETS</b>                        |      | <u>1,544,344</u>           | <u>928,379</u>   |
| <b>REPRESENTED BY:</b>                   |      |                            |                  |
| Accumulated fund                         |      | <u>1,544,344</u>           | <u>928,379</u>   |
| <b>CONTINGENCIES AND COMMITMENTS</b>     |      |                            |                  |
|  | 8    |                            |                  |

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  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2014**

Note                      2014                      2013  
----- Rupees -----

**INCOME**

|  |                  |                  |
|--|------------------|------------------|
| Members' subscription                      | 211,600          | 387,400          |
| Donations                                  | 1,105,300        | 690,200          |
| Interest free loan converted into donation | 100,000          | -                |
| Capital gain on sale of investments        | 43,409           | 4,783            |
| <b>Total income</b>                        | <b>1,460,309</b> | <b>1,082,383</b> |

**EXPENDITURE**

|  |                |                |
|--|----------------|----------------|
| Salaries, wages and benefits   | 415,500        | 330,000        |
| Staff bonus  | -              | 10,000         |
| Staff commission   | 20,505         | -              |
| Advertisement and publication expenses                                 | -              | 1,000          |
| Entertainment expenses   | 7,452          | 5,300          |
| Travelling and conveyance  | 36,608         | 11,895         |
| Communication expenses   | 34,114         | 55,558         |
| Repair and maintenance   | 210,585        | 2,500          |
| Legal and professional charges   | -              | 21,123         |
| Printing and stationery  | 58,795         | 37,820         |
| Depreciation   | 22,321         | 7,183          |
| Auditors' remuneration   | 21,600         | 20,000         |
| Relocation expense   | 1,500          | -              |
| Water and electricity charges  | 1,614          | -              |
| Bank charges   | 3,329          | 3,904          |
| Miscellaneous expenses   | 10,421         | 637            |
| <b>Total expenditure</b>   | <b>844,344</b> | <b>506,920</b> |
| <b>Surplus of income over expenditure for the year before taxation</b> | <b>615,965</b> | <b>575,463</b> |
| Taxation   | 3.8            | -              |
| <b>Surplus of income over expenditure for the year after taxation</b>  | <b>615,965</b> | <b>575,463</b> |

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

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Executive Committee Member

*[Signature]*

Executive Committee Member

PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN  
STATEMENT OF CHANGES IN ACCUMULATED FUND  
FOR THE YEAR ENDED JUNE 30, 2014

|  | <u>Accumulated<br/>Fund</u><br><u>Rupees</u> |
|--|--|
| Balance at June 30, 2012                                       | 352,916                                      |
| Surplus of income over expenditure for the year after taxation | 575,463                                      |
| Balance at June 30, 2013                                       | <u>928,379</u>                               |
| Surplus of income over expenditure for the year after taxation | 615,965                                      |
| Balance at June 30, 2014                                       | <u><u>1,544,344</u></u>                      |

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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  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014

| Note   | 2014               | 2013             |
|--|--------------------|------------------|
|  | ----- Rupees ----- |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |                    |                  |
| Surplus of income over expenditure for the year after taxation | 615,965            | 575,463          |
| <b>Adjustments for non-cash item:</b>                          |                    |                  |
| Interest free loan converted into donation                     | (100,000)          | -                |
| Depreciation   | 22,321             | 7,183            |
|  | <u>538,286</u>     | <u>582,646</u>   |
| <b>Increase in current assets</b>                              |                    |                  |
| Advance tax  | -                  | (600)            |
| Deposit and prepayments  | (1,500)            | -                |
| <b>Increase / (decrease) in current liabilities</b>            |                    |                  |
| Accrued and other liabilities                                  | 800                | (68,000)         |
| Advances against annual subscription fee                       | 2,400              |                  |
| <b>Net cash generated from operating activities</b>            | <u>539,986</u>     | <u>514,046</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |                    |                  |
| Fixed capital expenditure                                      | (215,050)          | (23,316)         |
| Investments made - net   | (303,431)          | (619,783)        |
| <b>Net cash used in investing activities</b>                   | (518,481)          | (643,099)        |
| <b>Net increase / (decrease) in cash and cash equivalents</b>  | <u>21,505</u>      | <u>(129,053)</u> |
| Cash and cash equivalents at the beginning of the year         | 6,524              | 135,577          |
| Cash and cash equivalents at the end of the year               | 6 <u>28,029</u>    | <u>6,524</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, 2014**

**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 7th Floor, Adamjee House, I.I.Chundrigar Road, 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, 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

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:

|                                 | 2014                  |                    | Total          |
|---------------------------------|-----------------------|--------------------|----------------|
|                                 | Furniture and fixture | Computer equipment |                |
|                                 | Rupees                |                    |                |
| <b>At July 1, 2013</b>          |                       |                    |                |
| Cost                            | -                     | 30,816             | 30,816         |
| Accumulated depreciation        | -                     | (9,553)            | -9,553         |
| <b>Net book value</b>           | -                     | <u>21,263</u>      | <u>21,263</u>  |
| <b>Year ended June 30, 2014</b> |                       |                    |                |
| Opening net book value          | -                     | 21,263             | 21,263         |
| Additions                       | 208,450               | 6,600              | 215,050        |
| Depreciation for the year       | (11,844)              | (10,477)           | (22,321)       |
| <b>Closing net book value</b>   | <u>196,606</u>        | <u>17,386</u>      | <u>213,992</u> |
| <b>At June 30, 2014</b>         |                       |                    |                |
| Cost                            | 208,450               | 37,416             | 245,866        |
| Accumulated depreciation        | (11,844)              | (20,030)           | (31,874)       |
| <b>Net book value</b>           | <u>196,606</u>        | <u>17,386</u>      | <u>213,992</u> |
| Depreciation rate (% per annum) | 33.33%                | 33.33%             |                |

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|                                 | 2013                  |                    |               |
|---------------------------------|-----------------------|--------------------|---------------|
|                                 | Furniture and fixture | Computer equipment | Total         |
| Rupees                          |                       |                    |               |
| <b>At July 1, 2012</b>          |                       |                    |               |
| Cost                            | -                     | 7,500              | 7,500         |
| Accumulated depreciation        | -                     | (2,370)            | (2,370)       |
| <b>Net book value</b>           | <b>-</b>              | <b>5,130</b>       | <b>5,130</b>  |
| <b>Year ended June 30, 2013</b> |                       |                    |               |
| Opening net book value          | -                     | 5,130              | 5,130         |
| Additions                       | -                     | 23,316             | 23,316        |
| Depreciation for the year       | -                     | (7,183)            | (7,183)       |
| <b>Closing net book value</b>   | <b>-</b>              | <b>21,263</b>      | <b>21,263</b> |
|                                 |                       |                    | -             |
| <b>At June 30, 2013</b>         |                       |                    |               |
| Cost                            | -                     | 30,816             | 30,816        |
| Accumulated depreciation        | -                     | (9,553)            | (9,553)       |
| <b>Net book value</b>           | <b>-</b>              | <b>21,263</b>      | <b>21,263</b> |
| Depreciation rate (% per annum) | -                     | 33.33%             |               |

## 5 SHORT-TERM INVESTMENTS

### Investment in units of mutual funds

| Name of the Fund             | ----- Number of units ----- |                           |                                      |                                     |                     | Cost as at June 30, 2014 |
|------------------------------|-----------------------------|---------------------------|--------------------------------------|-------------------------------------|---------------------|--------------------------|
|                              | As at July 1, 2013          | Purchases during the year | Bonus units received during the year | Sales / redemptions during the year | As at June 30, 2014 |                          |
| Askari Sovereign Cash Fund * | 10,585                      | 9,113                     | 1,202                                | 6,538                               | 14,362              | 1,323,214                |

Rupees

\* The fair market value of these investments as at June 30 2014 was Rs. 1,444,483 (2013: Rs 1,064,371).

| 6 CASH AND BANK BALANCES          | 2014               | 2013          |
|-----------------------------------|--------------------|---------------|
|                                   | ----- Rupees ----- |               |
| Cash at bank - in current account | 20,618             | 2,427         |
| Cash in hand                      | 7,411              | 4,097         |
|                                   | <b>28,029</b>      | <b>6,524</b>  |
| <b>7 ACCRUED EXPENSES</b>         |                    |               |
| Auditors' remuneration payable    | <b>20,800</b>      | <b>20,000</b> |

## 8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as on June 30, 2014 and June 30, 2013.

## 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.

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10 DATE OF AUTHORISATION

These financial statements were authorised for issue on 20 SEP 2014 by the Executive Committee of the Association.

11 GENERAL

Figures have been rounded off to the nearest rupee.

*AKK*



Executive Committee Member



Executive Committee Member