

## INDEPENDENT AUDITORS' REPORT TO THE EXECUTIVE COMMITTEE

### Opinion

We have audited the financial statements of Public Interest Law Association of Pakistan (here-in-after referred to as "the Association"), which comprise the balance sheet as at June 30, 2017, and the income and expenditure account, statement of changes in accumulated fund and cash flow statement; for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other matter paragraph

The financial statements of the Association for the year ended June 30, 2016 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements on January 16, 2017.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the 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, the management is responsible for assessing the Association's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Association or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association financial reporting process.

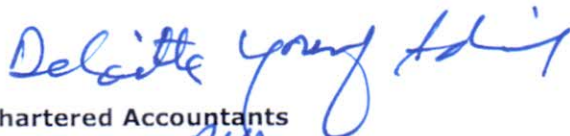
## Auditor's Responsibilities for the Audit of the Financial Statements

Our objective 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 auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 decision of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs as applicable in Pakistan. We exercise professional judgement 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 controls.
- Obtain an understanding of internal controls 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 Association'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 a significant doubt on the Association's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure 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 auditor's report. However, future events or conditions may cause the Association's 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 those charged with governance 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.

  
Chartered Accountants

Engagement Partner  
Mushtaq Ali Hirani

Dated: 14 NOV 2017.  
Place: Karachi

PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN  
BALANCE SHEET  
AS AT JUNE 30, 2017

	Note	2017 ----- Rupees -----	2016 -----
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	88,039	113,875
<b>Current assets</b>			
Short-term investments	5	-	-
Loan to an employee - unsecured - considered good		16,000	30,000
Deposits		128,500	1,500
Cash and bank balances	6	719,169	42,116
		863,669	73,616
<b>Total assets</b>		<b>951,708</b>	<b>187,491</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred liability - provision for staff gratuity		-	63,625
<b>Current liabilities</b>			
Short-term loan	7	200,000	20,000
Accrued expenses	8	32,399	35,552
		232,399	55,552
<b>Total liabilities</b>		<b>232,399</b>	<b>119,177</b>
<b>NET ASSETS</b>		<b>719,309</b>	<b>68,314</b>
<b>REPRESENTED BY:</b>			
Accumulated fund		719,309	68,314
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 12 form an integral part of these financial statements.

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Executive Committee Member



Executive Committee Member

PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN  
 INCOME AND EXPENDITURE ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 ----- Rupees -----	2016 -----
<b>INCOME</b>			
Members' subscription		641,600	151,200
Donations		4,334,000	1,550,300
Consultancy income		184,000	-
Capital gain on sale of investments		9,363	17,824
Dividend income		-	9,198
Other income		-	1,200
		<u>5,168,963</u>	<u>1,729,722</u>
<b>GENERAL AND ADMINISTRATION EXPENDITURE</b>			
Salaries, wages and benefits	10	2,090,575	1,656,690
Entertainment		10,780	12,943
Travelling and conveyance		143,004	126,959
Communication		76,103	54,448
Repair and maintenance		127,242	42,500
Printing and stationery		75,022	49,843
Depreciation	4	100,136	98,141
Auditors' remuneration		25,000	23,296
Utilities		53,753	37,060
Legal and professional		333,000	-
Conferences and seminars		-	61,690
Advertisement		20,500	-
Rent		126,000	-
Donations		1,250,000	-
Miscellaneous expenses		86,853	42,787
<b>Total expenditure</b>		<u>4,517,968</u>	<u>2,206,357</u>
<b>Surplus / (deficit) for the year before taxation</b>		<u>650,995</u>	<u>(476,635)</u>
Taxation	3.8	-	-
<b>Surplus / (deficit) for the year after taxation</b>		<u><u>650,995</u></u>	<u><u>(476,635)</u></u>

The annexed notes 1 to 12 form an integral part of these financial statements.

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Executive Committee Member



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PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN  
STATEMENT OF CHANGES IN ACCUMULATED FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	Rupees
Balance as at June 30, 2015	544,949
Deficit for the year	(476,635)
<b>Balance as at June 30, 2016</b>	<u>68,314</u>
Surplus for the year	650,995
<b>Balance as at June 30, 2017</b>	<u><u>719,309</u></u>

The annexed notes 1 to 12 form an integral part of these financial statements.

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Executive Committee Member



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PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
Note	----- Rupees -----	----- Rupees -----
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus / (deficit) for the year	650,995	(476,635)
<b>Adjustments for non-cash items:</b>		
Depreciation	100,136	98,141
Provision for staff gratuity	15,924	44,500
	<u>767,055</u>	<u>(333,994)</u>
<b>(Increase) / decrease in current assets</b>		
Deposits	(127,000)	-
<b>Increase / (decrease) in current liabilities</b>		
Advance against annual subscription fee	-	(1,200)
Accrued expenses	(3,153)	(6,984)
Gratuity paid	(79,549)	(64,500)
	<u>(82,702)</u>	<u>(72,684)</u>
<b>Net cash generated from / (used in) operating activities (A)</b>	<u>557,353</u>	<u>(406,678)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(74,300)	(77,600)
Investments - net	-	376,074
<b>Net cash (used in) / generated from investing activities (B)</b>	<u>(74,300)</u>	<u>298,474</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term loan received	180,000	20,000
Loan repaid by employee	14,000	-
<b>Net cash generated from financing activities (C)</b>	<u>194,000</u>	<u>20,000</u>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<u>677,053</u>	<u>(88,204)</u>
Cash and cash equivalents at the beginning of the year	42,116	130,320
<b>Cash and cash equivalents at the end of the year</b>	<u>6</u> <u>719,169</u>	<u>42,116</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

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**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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 organization 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 plot # 18-C, 2nd floor, office no. 202, Zamzama Commercial Lane no. 2, Phase 5, DHA, Karachi.

The mission of the Association is to protect and promote the fundamental rights of the citizen of Pakistan. It does this through a three pronged strategy, starting with research, followed by advocacy and finally if no results appear pursue public interest litigation. Public interest is a very wide subject and some of the areas where the Association is involved in include lack of quality education, out of school kids, water pollution, protecting heritage structures, protecting trees, improving access to justice, enhancing use and awareness of Right to Information law, disaster management in case of nuclear disaster, etc..

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Revised Accounting and Financial Reporting Standard for Small-Sized Entities (AFRS for SSEs) as approved by the council of the Institute of Chartered Accountants of Pakistan.

The financial statements for the year ended June 30, 2016 and earlier years were prepared in accordance with the cash receipts and expenditure incurred basis of accounting which was a comprehensive basis of accounting other than the generally accepted accounting principles. Under the cash receipts and expenditure incurred basis of accounting, revenue was recognized when received and expenses were recognized when incurred.

The above mentioned change in accounting framework for the preparation of financial statements has not resulted in any material adjustments to the carrying values of the assets and liabilities of the Association as at June 30, 2017 or at previous reporting date and did not require any significant changes in the accounting policies of the Association.

**2.2 Accounting convention**

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

**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 Property and equipment**

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 and after taking into account any residual values, if significant. 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 recognized 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.

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

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.

Financial assets and liabilities are recognized when the Association becomes a party to the contractual provisions of the instrument. Financial assets are derecognized 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 derecognized when the obligations under the liabilities are discharged, cancelled or expired.

### **3.3 Short-term investments**

These are recognized at cost and are subsequently revalued at fair value at the balance sheet date.

### **3.4 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.

### **3.5 Provision for gratuity**

The Association operated a gratuity scheme for its permanent employees. The provision recognized in the balance sheet in respect of gratuity was one gross salary of the respective year for every year of service completed with the Association in excess of six months. Permanent withdrawals out of the outstanding balance of gratuity at any point in time were permitted. Remaining amount of gratuity was payable to staff at the time of retirement.

During the year, this scheme has been dissolved and final settlement has been made to employees eligible for gratuity. The Association has opted for voluntary pension scheme (VPS) effective from November 1, 2016 in which equal contributions are made by employee and employer in the VPS.

### **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 recognized on receipt basis.

### **3.8 Taxation**

The Association has been approved as a non-profit organization under section 2(36)(c) of the Income Tax Ordinance, 2001. As per section 100C (2) of the Income Tax Ordinance, 2001, non-profit organizations shall be allowed a tax credit equal to one hundred per cent of the tax payable subject to the fulfillment of specified conditions. The management intends to avail a tax credit equal to 100% of the tax payable. Accordingly, no tax charge in the financial statements has been recorded in the financial statements.

### **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.

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4. PROPERTY AND EQUIPMENT

The following is a statement of property and equipment:

	----- 2017 -----				
	Furniture and fixture	Vehicle	Office equipment	Computer equipment	Total
	----- Rupees -----				
<b>As at July 1, 2016</b>					
Cost	208,450	46,000	16,700	52,316	323,466
Accumulated depreciation	(150,796)	(11,887)	(2,969)	(43,939)	(209,591)
<b>Net book value</b>	<b>57,654</b>	<b>34,113</b>	<b>13,731</b>	<b>8,377</b>	<b>113,875</b>
<b>Year ended June 30, 2017</b>					
Opening net book value	57,654	34,113	13,731	8,377	113,875
Additions during the year	5,000	-	19,300	50,000	74,300
Depreciation for the year	(58,910)	(15,332)	(6,377)	(19,517)	(100,136)
<b>Closing net book value</b>	<b>3,744</b>	<b>18,781</b>	<b>26,654</b>	<b>38,860</b>	<b>88,039</b>
<b>As at June 30, 2017</b>					
Cost	213,450	46,000	36,000	102,316	397,766
Accumulated depreciation	(209,706)	(27,219)	(9,346)	(63,456)	(309,727)
<b>Net book value</b>	<b>3,744</b>	<b>18,781</b>	<b>26,654</b>	<b>38,860</b>	<b>88,039</b>
Depreciation rate (% per annum)	33.33%	33.33%	33.33%	33.33%	
	----- 2016 -----				
	Furniture and fixture	Vehicle	Office equipment	Computer equipment	Total
	----- Rupees -----				
<b>As at July 1, 2015</b>					
Cost	208,450	-	-	37,416	245,866
Accumulated depreciation	(81,319)	-	-	(30,131)	(111,450)
<b>Net book value</b>	<b>127,131</b>	<b>-</b>	<b>-</b>	<b>7,285</b>	<b>134,416</b>
<b>Year ended June 30, 2016</b>					
Opening net book value	127,131	-	-	7,285	134,416
Additions during the year	-	46,000	16,700	14,900	77,600
Depreciation for the year	(69,477)	(11,887)	(2,969)	(13,808)	(98,141)
<b>Closing net book value</b>	<b>57,654</b>	<b>34,113</b>	<b>13,731</b>	<b>8,377</b>	<b>113,875</b>
<b>As at June 30, 2016</b>					
Cost	208,450	46,000	16,700	52,316	323,466
Accumulated depreciation	(150,796)	(11,887)	(2,969)	(43,939)	(209,591)
<b>Net book value</b>	<b>57,654</b>	<b>34,113</b>	<b>13,731</b>	<b>8,377</b>	<b>113,875</b>
Depreciation rate (% per annum)	33.33%	33.33%	33.33%	33.33%	

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5. SHORT-TERM INVESTMENTS

Investment in units of mutual funds

Name of the Fund	Number of units				Rupees	
	As at July 1, 2016	Purchases during the year	Bonus units received during the year	Sales / redemptions during the year	As at June 30, 2017	Cost as at June 30, 2017

Askari Sovereign Cash Fund	-	4,877	-	4,877	-	-
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Name of the Fund	Number of units				Rupees	
	As at July 1, 2015	Purchases during the year	Bonus units received during the year	Sales / redemptions during the year	As at June 30, 2016	Cost as at June 30, 2016

Askari Sovereign Cash Fund	3,714	8,380	-	12,094	-	-
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2017      2016  
----- Rupees -----

6. CASH AND BANK BALANCES

Current account with bank	692,649	16,989
Cash in hand	26,520	25,127
	<u>719,169</u>	<u>42,116</u>

7. SHORT-TERM LOAN

This represents interest free loan from member of the Association payable on demand.

8. ACCRUED EXPENSES

Utilities	3,010	11,239
Auditors' remuneration	25,000	20,800
Withholding tax	1,122	1,682
Others	3,267	1,831
	<u>32,399</u>	<u>35,552</u>

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as on June 30, 2017 and June 30, 2016.

10. GENERAL AND ADMINISTRATION EXPENDITURE

This includes contribution to voluntary pension scheme amounting to Rs. 58,070 (2016: nil).

11. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 14 NOV 2017 by the Executive Committee of the Association.

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12. GENERAL

Figures have been rounded off to the nearest rupee.

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Executive Committee Member



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