

INDEPENDENT AUDITOR'S REPORT

To The Members of Public Interest Law Association of Pakistan

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Public Interest Law Association Of Pakistan** ("the Association") which comprise the statement of financial position as at **30 June 2021**, the income and expenditure account and the balance sheet for the period 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, the income and expenditure account 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 Association's affairs as at **30 June 2021** and the income and expenditure account and the balance sheet for the year 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 *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 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.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Association's financial reporting process.



Auditor's 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 auditor's 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 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 significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Association 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

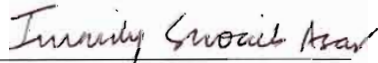
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Association as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure 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 during the period were for the purpose of the Association's business; and
- d) no zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter(s)

The financial statements of the Association for the year ended June 30, 2020 were audited by another firm of chartered accountants who had expressed an unqualified opinion on December 30, 2020.

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


Chartered Accountants

Karachi

Date: 10 DEC 2021

**PUBLIC INTEREST LAW ASSOCIATION OF
PAKISTAN**

Financial Statement

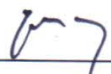
For the year ended 30 June 2021

Public Interest Law Association Of Pakistan
Statement of Financial Position


As at 30 June 2021

	Note	2021 Rupees	2020 Rupees
FUNDS EMPLOYED			
Long-term Liabilities			
Deferred liabilities		-	-
		<u>-</u>	<u>-</u>
WORKING CAPITAL			
Current Assets			
Short-term loan receivable		-	17,000
Advances, deposits & prepayments	4	6,000	134,593
Cash and bank balances	5	259,167	351,310
		265,167	502,903
Current Liabilities			
Creditors, accrued & other liabilities	6.1	299,781	512,913
Auditors remuneration payable	6.2	35,000	35,000
		334,781	547,913
NET ASSETS		<u>(69,614)</u>	<u>(45,010)</u>
REPRESENTED BY:			
Accumulated Fund		<u>(69,614)</u>	<u>(45,010)</u>

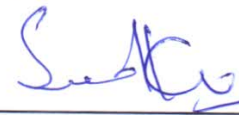
The annexed notes from 1 to 12 form an integral part of these financial statements.



**Chairman and Executive
 Committee Member**



**CEO and Executive
 Committee Member**



**Vice Chairman and
 Executive Committee
 Member**

Public Interest Law Association Of Pakistan
Income And Expenditure Account
For The Year Ended 30 June 2021

	Note	2021 Rupees	2020 Rupees
REVENUE			
Members subscription		1,022,712	1,101,946
Donations		3,422,300	2,458,000
Other income		40,000	-
		<u>4,485,012</u>	<u>3,559,946</u>
LEGAL SERVICES			
Legal service cost		50,000	128,000
GROSS SURPLUS		<u>4,435,012</u>	<u>3,431,946</u>
OTHER OPERATING EXPENSES			
Staff costs	7.1	3,543,791	2,323,427
Premises costs	7.2	538,366	721,016
Operating Costs	7.3	369,344	423,191
Financial and bank charges	7.4	28,042	15,554
		<u>4,479,543</u>	<u>3,483,188</u>
SURPLUS/(DEFICIT) BEFORE TAX		<u>(44,531)</u>	<u>(51,242)</u>
PROVISION FOR TAXATION			
Taxation	8	-	-
DEFICIT FOR THE YEAR		<u><u>(44,531)</u></u>	<u><u>(51,242)</u></u>


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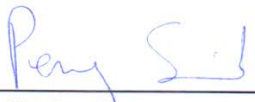
Public Interest Law Association Of Pakistan
Statement Of Changes In Accumulated Fund
For The Year Ended 30 June 2021

	2021
	Rupees
Balance as at 1 July 2019	6,232
Total comprehensive loss for the year	
Deficit for the year	(51,242)
Other comprehensive income	-
Total comprehensive loss	(51,242)
Balance as ae 30 June 2020	(45,010)
Total comprehensive loss for the year	
Deficit for the year	(24,603)
Other comprehensive income	-
Total comprehensive loss	(24,603)
Balance as ae 30 June 2021	(69,613)


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



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 Committee Member**



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 Committee Member**



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 Executive Committee
 Member**

Public Interest Law Association Of Pakistan
Notes To The Financial Statements

For the year ended 30 June 2021

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Public Interest Law Association of Pakistan (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 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 n0. 2, Phase 5, DHA, Karachi.

The mission of the Association is to protect and promote the fundamental rights of the citizens of Pakistan. It does 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 Association is involved 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.

- 1.2 The Association has been incurring losses for past four years and accumulated losses stood at Rs. 69,614 further, the liabilities exceeded its assets by Rs. 69,614 at 30 June 2021. The circumstances indicates existence of significant uncertainty that may cast doubts that Association may not be able to continue as a going concern. However, these financial statements have been prepared using going concern assumption in view of the resolution of the Executive Committee to provide the continued financial support to the Association in the shape of grant donation etc.

1.3 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs) 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 Revised AFRS for SSEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

1.4 Basis of measurement

These financial statements have been prepared under the historical cost convention using the accrual basis of accounting.

1.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the functional and presentation currency of the company.

1.6 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current period and future periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Property and equipment

These are stated at cost less accumulated depreciation .

Depreciation is charged using the reducing balance method at the rates specified in relevant note.

Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements, if any, are capitalized.

Gains and losses in disposal of fixed assets are included in the income and expenditure account.

2.2 Taxation

The Association has been approved as a non-profit organization under section 2(36) (c) of the Income Tax Ordinance, 2001.


2.3 Cash and bank balances

Cash and Bank Balances are carried at nominal amount.

2.4 Revenue Recognition

Subscription fee is measured based on the consideration specified in the Rules of the Association. The Association receives annual subscription and lifetime membership fees from its members. Annual subscription fees including annual membership fee of Patron members is recognized over the time on straight-line basis. The portion of membership fee relating to the future periods is determined and classified as unearned subscription fee in the statement of financial position. However, the Patron members are required to make one time payment which is recognized upfront in the Income and expenditure Account.

- Donation income is recognized on cash basis in view of the uncertainty of its realization..

 - Return on bank deposit is recorded on an accrual basis.

	<i>Note</i>	2021 Rupees	2020 Rupees
3. SHORT TERM LOAN - Unsecured			
Short term loans to employees		-	17,000
		-	17,000
3.1 This represent interest-free and unsecured loan to an employee of the Association and full amount has been recovered during the year.			
4. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured and considered good			
Security deposit for rental premises		-	125,500
Prepayment		-	6,593
Subscription receivable from member		6,000	1,000
Others		-	1,500
		<u>6,000</u>	<u>134,593</u>
5. CASH AND BANK BALANCES			
Cash in hand		17,525	4,946
Balances with bank		241,642	346,364
		<u>259,167</u>	<u>351,310</u>
6. ACCRUED EXPENSES AND OTHER LIABILITIES			
Advance subscription from members		-	184,712
Accrued expenses	6.1	299,781	328,201
Auditors remuneration payable	6.2	35,000	35,000
		<u>334,781</u>	<u>547,913</u>
6.1 Accrued expenses			
Salary payable		-	69,041
Staff bonus		298,300	148,500
Communication		590	1,760
Rent payable		-	108,900
Other expenses		891	-
		<u>299,781</u>	<u>328,201</u>
6.2 Auditors' remuneration			
Audit fee		32,407	32,407
Sindh sales tax on services @ 8% (2020:8%)		2,593	2,593
		<u>35,000</u>	<u>35,000</u>

	Note	2021 Rupees	2020 Rupees
7. OTHER OPERATING EXPENSES			
Staff costs	7.1	3,543,791	2,323,427
Premises costs	7.2	538,366	721,016
Operating Costs	7.3	369,344	423,191
Financial and bank charges	7.4	28,042	15,554
		<u>4,479,543</u>	<u>3,483,188</u>
7.1 Staff costs			
Salaries, wages & benefits			
Salaries and wages - Permanent		1,712,826	1,782,000
Salaries and wages - Contractual		1,450,000	184,001
Leave fare assistance		90,366	99,000
Medical expenses		80,299	109,926
		<u>3,333,491</u>	<u>2,174,927</u>
Staff bonus			
Ex-gratia		210,300	148,500
		<u>210,300</u>	<u>148,500</u>
		<u>3,543,791</u>	<u>2,323,427</u>
7.2 Premises costs			
Rent, rate and taxes			
Rent expenses - Head office		472,249	623,700
Utilities charges			
Electricity charges		56,227	85,136
Water charges		9,890	12,180
		<u>66,117</u>	<u>97,316</u>
		<u>538,366</u>	<u>721,016</u>
7.3 Operating costs			
Advertisement and publication		11,669	5,893
Entertainment		1,978	4,925
Travelling and conveyance		83,620	102,088
Communication		84,978	55,050
Repair and maintenance		55,916	126,413
Legal and professional charges		67,500	50,000
Printing and stationery		8,755	9,980
Depreciation		-	15,626
Audit fees		35,000	35,000
Office expenses		19,928	-
Miscellaneous		-	18,216
		<u>369,344</u>	<u>423,191</u>

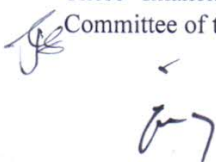
	<i>Note</i>	2021 Rupees	2020 Rupees
7.4 Financial charges			
Bank charges		<u>28,042</u>	<u>15,554</u>
		<u>28,042</u>	<u>15,554</u>
8. TAXATION			
The Association has been approved as a non-profit organization under section 2(36)(c) of the Income Tax Ordinance, 2001. The Association has incurred deficit for the year and the provisions of minimum tax under section 113 are not applicable to the Association as per clause 11A of part IV to the second schedule of the Income Tax Ordinance, 2001. Accordingly, no charge for taxation has been recorded in these financial statements.			
9. NUMBER OF EMPLOYEES			
Employees as at June 30		<u>4</u>	<u>3</u>
Average number of employees during the year		<u>4</u>	<u>2</u>
10. DETAILS OF BALANCE WITH RELATED PARTIES AT THE YEAR END			
Unearned member's subscription		<u>-</u>	<u>184,712</u>
10.1 Details of transactions with related parties during the year			
Member's subscription		<u>1,022,712</u>	<u>1,101,946</u>
Donations		<u>3,422,300</u>	<u>920,000</u>
Loan repaid by the employee during the year		<u>17,000</u>	<u>500,000</u>

11. GENERAL


The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. The figures have been rounded off to the nearest Rupee.

12. DATE OF AUTHORISATION


These financial statements were authorized for issue on 10.12.2021 by the Executive Committee of the Association.



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 Committee Member**



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 Executive Committee
 Member**