

**PUBLIC INTEREST LAW
ASSOCIATION OF
PAKISTAN**

Financial Statements
For The Year Ended June 30, 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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 June 30, 2018, and the income and expenditure statement, the statement of changes in accumulated fund, the 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 statement of financial position of the Association as at June 30, 2018, and the Association financial performance and the statement of cash flows for the year then ended are in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standard Board (IASB) as applicable in Pakistan and Not for Profit Organization (NPO) standards issued by Institute of Chartered Accountant of Pakistan (ICAP).

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 (the Code) 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 Executive Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standard Board (IASB) as applicable in Pakistan and Not for Profit Organization (NPO) standards issued by Institute of Chartered Accountant of Pakistan (ICAP), 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.

Executive Committee 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 Executive Committee 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.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner
Hena Sadiq

Place: Karachi
Dated: November 16, 2018

**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018**

	Note	2018 ----- Rupees -----	2017 -----
ASSETS			
Non-current assets			
Property and equipment	4	55,904	88,039
Current assets			
Short-term investments	5	-	-
Loan to an employee - unsecured - considered good		47,000	16,000
Deposits		127,000	128,500
Cash and bank balances	6	643,309	719,169
		817,309	863,669
Total assets		873,213	951,708
CURRENT LIABILITIES			
Short-term loan	7	800,000	200,000
Accruals and other payables	8	37,816	32,399
Total liabilities		837,816	232,399
NET ASSETS		35,397	719,309
REPRESENTED BY:			
Accumulated fund		35,397	719,309
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 13 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 STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
INCOME			
Members' subscription		1,096,000	641,600
Donations		3,053,000	4,334,000
Consultancy income		-	184,000
Capital gain on sale of investments		52,551	9,363
Other income		51,000	-
		<u>4,252,551</u>	<u>5,168,963</u>
GENERAL AND ADMINISTRATION EXPENDITURE			
Salaries, wages and benefits	10	1,923,991	2,090,575
Entertainment		13,967	10,780
Travelling and conveyance		210,732	143,004
Communication		97,228	76,103
Repair and maintenance		408,342	127,242
Printing and stationery		217,905	75,022
Depreciation	4	57,135	100,136
Auditors' remuneration		25,000	25,000
Utilities		76,345	53,753
Legal and professional		50,000	333,000
Advertisement		39,000	20,500
Rent		516,000	126,000
Donations		1,112,000	1,250,000
Miscellaneous expenses		188,818	86,853
Total expenditure		<u>4,936,463</u>	<u>4,517,968</u>
(Deficit) / surplus for the year before taxation		<u>(683,912)</u>	<u>650,995</u>
Taxation	3.8	-	-
(Deficit) / surplus for the year after taxation		<u>(683,912)</u>	<u>650,995</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

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Executive Committee Member



Executive Committee Member

**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED JUNE 30, 2018**

Rupees

Balance as at June 30, 2016	68,314
Surplus for the year	650,995
Balance as at June 30, 2017	<u>719,309</u>
Deficit for the year	(683,912)
Balance as at June 30, 2018	<u><u>35,397</u></u>

The annexed notes 1 to 13 form an integral part of these financial statements.

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Executive Committee Member




Executive Committee Member

PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
Note	----- Rupees -----	-----
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / surplus for the year	(683,912)	650,995
Adjustments for non-cash items:		
Depreciation	57,135	100,136
Gain on sale of investment	(52,551)	9,363
Provision for staff gratuity	-	15,924
	<u>(679,328)</u>	<u>125,423</u>
Working capital changes		
(Increase) / decrease in current assets		
Deposits	1,500	(127,000)
Loan paid to / (repaid by) to employee	(31,000)	14,000
	<u>(29,500)</u>	<u>(113,000)</u>
Increase / (decrease) in current liabilities		
Accrued expenses	5,417	(3,153)
Gratuity paid	-	(79,549)
	<u>5,417</u>	<u>(82,702)</u>
Net cash used in operating activities (A)	<u>(703,411)</u>	<u>(70,279)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(25,000)	(74,300)
Investments made during the year	(2,300,000)	-500,000
Proceeds from sale of investment	2,352,551	509,363
Net cash generated from / (used in) from investing activities (B)	<u>27,551</u>	<u>(64,937)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term loan received - net	600,000	180,000
Net cash generated from financing activities (C)	<u>600,000</u>	<u>180,000</u>
Net (decrease) / increase in cash and cash equivalents (A + B + C)	<u>(75,860)</u>	<u>677,053</u>
Cash and cash equivalents at the beginning of the year	719,169	42,116
Cash and cash equivalents at the end of the year	<u>643,309</u>	<u>719,169</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

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 Executive Committee Member


 Executive Committee Member

**PUBLIC INTEREST LAW ASSOCIATION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 citizens 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 accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium-sized-Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standards for Not for Profit Organizations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision and directives issued under the Companies Act, 2017.

Where the provision of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs or the Accounting Standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

During the year financial reporting framework has changed as mentioned above due to adoption of Companies Act, 2017. This change of financial reporting framework has no impact on the Association's financial statements except for additional disclosure.

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.

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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.

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 statement of financial position 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 reporting date.

3.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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 statement of financial position 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.

In financial year 2017, this scheme was dissolved and final settlement 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.

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4. PROPERTY AND EQUIPMENT

Particulars	Cost at July 01, 2017	Additions	Cost at June 30, 2018	Rupees		Annual rate of depreciation %
				Accumulated depreciation at July 1, 2017	Depreciation for the year	
Furniture and fixture	213,450	-	213,450	209,706	1,667	33.33
Vehicle	46,000	-	46,000	27,219	15,332	33.33
Office equipment	36,000	-	36,000	9,346	11,999	33.33
Computer equipment	102,316	25,000	127,316	63,456	28,137	33.33
	<u>397,766</u>	<u>25,000</u>	<u>422,766</u>	<u>309,727</u>	<u>57,135</u>	
						<u>55,904</u>

For comparative period:

Particulars	Cost at July 01, 2016	Additions	Cost at June 30, 2017	Rupees		Annual rate of depreciation %
				Accumulated depreciation at July 1, 2016	Depreciation for the year	
Furniture and fixture	208,450	5,000	213,450	150,796	58,910	33.33
Vehicle	46,000	-	46,000	11,887	15,332	33.33
Office equipment	16,700	19,300	36,000	2,969	6,377	33.33
Computer equipment	52,316	50,000	102,316	43,939	19,517	33.33
	<u>323,466</u>	<u>74,300</u>	<u>397,766</u>	<u>209,591</u>	<u>100,136</u>	
						<u>88,039</u>

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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.

5. SHORT-TERM INVESTMENTS

Investment in units of mutual funds

Name of the Fund	Number of units			Rupees	
	As at July 1, 2017	Purchases during the year	Sales during the year	As at June 30, 2018	Cost as at June 30, 2018

Askari Sovereign Cash Fund	-	22,871	(22,871)	-	-
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Name of the Fund	Number of units			Rupees	
	As at July 1, 2016	Purchases during the year	Sales 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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2018 2017
----- Rupees -----

6. CASH AND BANK BALANCES

Current account with bank	617,388	692,649
Cash in hand	<u>25,921</u>	<u>26,520</u>
	<u>643,309</u>	<u>719,169</u>

7. SHORT-TERM LOAN

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

8. Accruals and other payables

Utilities	3,450	3,010
Auditors' remuneration	25,000	25,000
Withholding tax	3,330	1,122
Others	<u>6,036</u>	<u>3,267</u>
	<u>37,816</u>	<u>32,399</u>

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as on June 30, 2018 and June 30, 2017.

10. GENERAL AND ADMINISTRATION EXPENDITURE

This includes contribution to voluntary pension scheme amounting to Rs. 97,518 (2017: 58,070).

11. NUMBER OF EMPLOYEES

	2018	2017
Employees as at June 30	2	2
Average number of employees during the year	2	4

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12. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 10-11-2018 by the Executive Committee of the Association.

13. GENERAL

Figures have been rounded off to the nearest rupee.

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Executive Committee Member



Executive Committee Member