

**HUJRA-VILLAGE SUPPORT ORGANIZATIO
(HUJRA-VSO)
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2017**



Rafaqat Babar & Co
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **HUJRA- Village Support Organization (HUJRA-VSO)**, which comprise of the statement of financial position for the period ended June 30, 2017, and statement income and expenditure, the statement of cash flows and statement of changes in accumulated fund for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, 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.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved accounting standards issued by International Accounting Standard Board as are notified under Institute of Chartered Accountants of Pakistan guidelines for "Accounting and Financial Reporting by Non-Profit Organization" issued in 2009. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of **HUJRA-Village Support Organization (HUJRA-VSO)**, for the period ended June 30, 2017 and its financial performance, its cash flows and changes in accumulated fund for the period then ended in accordance with the approved accounting standards as applicable in Pakistan.

PESHAWAR

17 NOV 2017


CHARTERED ACCOUNTANTS
Engagement Partner: Shuja-Ul-Mulk, FCA

HUJRA VILLAGE SUPPORT ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	NOTE	30 JUNE 2017 (RUPEES)	31 DECEMBER 2016 (RUPEES)
NON CURRENT ASSETS			
Property and equipment	4	6,465,628	6,854,932
CURRENT ASSETS			
Grants receivables	5	34,794,060	20,453,952
Advances, deposits, prepayments & other receivables	6	2,591,269	3,984,031
Cash & bank balances	7	15,839,791	45,213,429
		53,225,120	69,651,412
TOTAL ASSETS		59,690,748	76,506,344
CURRENT LIABILITIES			
Accrued expenses & other liabilities	8	26,399,322	23,086,841
Deferred grant	5	2,268,364	27,113,965
		28,667,686	50,200,806
NET ASSETS EMPLOYED		31,023,062	26,305,538
REPRESENTED BY:			
Accumulated fund		31,023,062	26,305,538
		31,023,062	26,305,538

The annexed notes from 1 to 14 form an integral part of these financial statements.


CHAIRMAN


EXECUTIVE DIRECTOR

UJRA VILLAGE SUPPORT ORGANIZATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2017

	NOTE	Six Months period ended 30 June 2017 (Audited) Restricted Fund	Six Months period ended 30 June 2017 (Audited) Unrestricted Fund	TOTAL Six Months period ended 30 June 2017 (RUPEES)	Six Months period ended 30 June 2016 (Unaudited) TOTAL	Six Months period ended 31 December 2016 (Unaudited) TOTAL
INCOME						
Income from donors	4	86,002,766	10,224,774	96,227,540	47,631,334	107,458,038
Contributions & Other Income	8	-	2,164,383	2,164,383	1,882,695	6,325,426
Total income		<u>86,002,766</u>	<u>12,389,157</u>	<u>98,391,923</u>	<u>49,514,029</u>	<u>113,783,464</u>
EXPENDITURES						
Program costs	9	86,002,766	-	86,002,766	56,235,984	88,906,832
Administrative expenses	10	-	7,263,729	7,263,729	5,704,100	5,642,472
Depreciation on property and equipment		-	407,904	407,904	-	937,482
Total expenditure		<u>86,002,766</u>	<u>7,671,633</u>	<u>93,674,399</u>	<u>61,940,084</u>	<u>95,486,786</u>
PLUS (DEFICIT) OF INCOME OVER EXPENDITURE		<u>-</u>	<u>4,717,524</u>	<u>4,717,524</u>	<u>(12,426,055)</u>	<u>18,296,678</u>
OTHER COMPREHENSIVE INCOME						
Other comprehensive income for the period		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR PERIOD		<u>-</u>	<u>4,717,524</u>	<u>4,717,524</u>	<u>(12,426,055)</u>	<u>18,296,678</u>

Annexed notes from 1 to 14 form an integral part of these financial statements.

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EXECUTIVE DIRECTOR

HUJRA VILLAGE SUPPORT ORGANIZATION
STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED JUNE 30, 2017

	NOTE	JUNE 2017 [RUPEES]	DEC 2016 [RUPEES]
CASH FLOW FROM OPERATING ACTIVITIES:			
Surplus / (deficit) of income over expenditure		4,717,524	5,870,623
Adjustments for non-cash items:			
Depreciation on property and equipment		407,904	937,482
Accruals reversal		-	-
Gain on disposal of fixed assets		-	-
Net surplus / (deficit)		5,125,428	6,808,105
(Increase)/decrease in current assets			
Advances, deposits, prepayments & other receivables		1,392,762	(1,189,150)
Grant receivables		(14,340,108)	4,209,177
		(12,947,346)	3,020,027
Increase/(decrease) in current liabilities			
Accrued expenses & other liabilities		3,312,481	4,986,891
Securities and Retention money payable		-	(2,020,443)
Deferred grant		(24,845,601)	2,881,347
		(21,533,120)	5,847,795
Net cash inflow from operating activities	(A)	(29,355,038)	15,675,927
NET CASH FLOW FROM INVESTING ACTIVITIES			
Addition in property and equipment		(18,600)	(1,464,276)
Proceeds from sale of fixed assets		-	-
Net cash used in investing activities	(B)	(18,600)	(1,464,276)
CASH FLOW FROM FINANCING ACTIVITIES			
	(C)	-	-
Cash inflow during the year		(29,373,638)	14,211,651
Cash and cash equivalents at the beginning of the year	(D)	45,213,429	31,001,778
Cash and cash equivalents at the end of the year	(A+B+C+D)	15,839,791	45,213,429

The annexed notes from 1 to 14 form an integral part of these financial statements.


CHAIRMAN


EXECUTIVE DIRECTOR

HUJRA VILLAGE SUPPORT ORGANIZATION
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE PERIOD ENDED JUNE 30, 2017

	<u>Accumulated surplus / (deficit)</u> <u>(RUPEES)</u>
Balance as on December 31, 2015	<u>20,434,915</u>
Total comprehensive loss for the period	(12,426,055)
Balance as on June 30, 2016	<u>8,008,860</u>
Total comprehensive income for the period	18,296,678
Balance as on December 31, 2016	<u>26,305,538</u>
Total comprehensive income for the period	4,717,524
Balance as on June 30, 2017	<u>31,023,062</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.


CHAIRMAN


EXECUTIVE DIRECTOR

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HUJRA VILLAGE SUPPORT ORGANIZATION

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED JUNE 30, 2017

1. STATUS AND OPERATION:

HUJRA VILLAGE SUPPORT ORGANIZATION a non-profit non government organization, is registered under the Societies Act, 1860 and is having its registered office at Swat. Its program includes capacity building for undertaking socio-economic development, to enhance knowledge base through research, to advocate for betterment of environmental impact of development and to enable communities especially women for collective decision making regarding their sustainable and harmonious socio-economic development.

1.1 PROJECTS CARRIED OUT DURING THE YEAR

During the half year ended June 2017, HUIRA-VSO has carried out the following projects:

World Food Programme (WFP) Funded projects

The aims of the projects are to restore livelihood and reduce hunger to zero by providing food commodities to targeted number of families, providing financial assistance and other preventive measures like storage and transport of food for disaster risk management under the projects:

- . *Food For Work project*
- . *Earthquake Response Project*
- . *General Food Distribution Project*
- . *Warehousing and transportation project*

SDC funded project

The project is funded by Swiss Agency for Development and Cooperation. The aim of the project is to improve the livelihood and resilience to Disasters through establishing Disaster management Committees and Capacity Building trainings in FATA.

UNDP funded projects (SRLP)

The aims of the projects are to implement legal aid and access to justice by creating awareness in Communities in Malakand and Bunir Districts.

- . *Improving Access to justice by Streamlining legal Aid(SRLP)*

SLIC funded projects

The project is funded by State Life Insurance Corporation. The aim of the project is to distribute sehat suhulat cards to targeted areas of KPK and spreading awareness to avail health care facilities.

- . *Sehat suhulat Program*
- . *Sehat Insaf Program*

Community Driven Environmental Health Program - IRC funded project

The aim of the project is to create awareness about Environmental Health in Schools and Villages and taking effective measures for improving Environmental Health.

Studies under National Parks Project (Wildlife)

The aim of the project is to develop and revise management plans under project title "Development and Management of National Parks in Khyber Pakhtunkhwa".

2. Basis of Preparation

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board as are notified under Institute of Chartered Accountants of Pakistan guidelines for "Accounting and Financial Reporting by Non Profit Organizations" issued in 2009.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of these financial statements. The effect of changes in accounting policies have been taken in the preparation of financial statements.

3.1 Property and equipment:

3.1.1 Owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Major renewals and improvements are capitalized.

Disposal of asset is recognized when significant risks and rewards incidental to ownership have been transferred to the buyer. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in income and expenditure account.

3.1.2 Depreciation

Depreciation is charged to income and expenditure account applying reducing balance method, whereby the cost of an asset is written off over its estimated useful life. Full year depreciation is charged in the year of purchase and no depreciation in the year of disposal. The residual value, depreciation method and the useful lives of each part of property and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.2 Accrued and Other Liabilities

Accrued & other liabilities are recognized at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.3 Provisions

Provisions are recognized when the entity has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.4 Taxation

The organization has been approved as a non-profit organization under section 2(36) of Income Tax Ordinance, 2001 by the Commissioner Inland Revenue as it is working as non-profit organization evaluated positively by Pakistan Centre for Philanthropy. The income of the organization is subject to 100% tax credit under section 100(C) of the Income Tax Ordinance, 2001.

3.5 Grant recognition:

For the purpose of recognition of grants and donations received, funds are divided into the following two categories.

3.5.1 Restricted Funds/Specific purpose grants:

Restricted funds are funds which are used in accordance with specific restrictions imposed by donors or which are raised by the entity for particular purposes. Funds received in advance are initially recorded as current liability and are recognized as revenue to the extent of expenditures incurred or milestone achieved or deliverables made. Income, related to funds received in arrears, are recognized in the period in which specific milestones are achieved or deliverables are made according to the terms of project.

3.5.2 Unrestricted Funds/General purpose grants:

Unrestricted funds are funds which are received as grants from executive members, general public or raised by the entity for the general purpose of the society. Revenue from unrestricted funds is recognized when received in cash or kind.

3.6 Foreign currency conversion:

The financial statements are presented in Pak rupees, which is the entity's functional and presentation currency. Transactions in other currencies are accounted for in Pak rupees at exchange rate ruling at the time of the transaction. Monetary assets and liabilities denominated in other currencies are translated into Pak rupees at the rate of exchange ruling on the balance sheet date. Exchange gains or losses are recognized in income and expenditures account.

3.7 Related Party Transactions

The entity enters into transaction with related parties on an arm's length basis.

3.8 Cash and cash equivalents:

Cash and cash equivalents are carried in the balance sheet at cost. The fair value of cash and cash equivalents approximate their carrying amount. For the purpose of cash flow statement, cash and cash equivalent comprises cash in hand and cash at bank.

4. PROPERTY AND EQUIPMENTS

Particulars	(Rupees)						Total
	Furniture and fixture	Computer and accessories	Electric appliances	Office equipment	Vehicles		
COST:							
Balance at 01 January 2016	739,851	1,486,737	410,130	1,513,162	5,171,000		9,320,880
Additions during the year	483,476	939,800	15,000	26,000	-		1,464,276
Balance at 31 December 2016	1,223,327	2,426,537	425,130	1,539,162	5,171,000		10,785,156
Balance at 01 January 2017	1,223,327	2,426,537	425,130	1,539,162	5,171,000		10,785,156
Additions during the year	-	18,600	-	-	-		18,600
Balance at 30 June 2017	1,223,327	2,445,137	425,130	1,539,162	5,171,000		10,803,756
Accumulated Depreciation:							
Balance at 01 January 2016	248,978	844,131	99,490	506,937	1,293,206		2,992,742
Charge for the year	97,435	316,481	32,564	103,223	387,779		937,482
Balance at 31 December 2016	346,413	1,160,612	132,054	610,160	1,680,985		3,930,224
Balance at 01 Jan 2017	346,413	1,160,612	132,054	610,160	1,680,985		3,930,224
Charge for the year	43,847	128,452	14,654	46,450	174,501		407,904
Balance at 30 June 2017	390,260	1,289,064	146,708	656,610	1,855,486		4,338,128
Carrying value - 2017	833,068	1,156,073	278,422	882,552	3,315,514		6,465,628
Carrying value - 2016	876,914	1,265,925	293,076	929,002	3,490,015		6,854,932
Depreciation rate	10%	20%	10%	10%	10%		10%

(All amounts in Rupees)

	Opening balance		Movements in resources during the period					Closing balance	
	As at January 01, 2017		As at June 30, 2017						
	Grants Receivable	Unutilized grants Payable	Incoming Resources	Paid Back to Donors	Revenue Recognized	Management Fee Recognized	Grants Receivable	Unutilized grants Payable	
	A	B	C	D	E	F	G	H	
GRANTS FROM DONORS									
CBDRM/Livelihood Project in FATA (SDC)	-	27,113,965	487,429	-	25,333,030	-	-	2,268,364	
CBDRM/Livelihood Project in FATA (WFP)	6,129,375	-	12,069,936	-	9,926,575	694,860	4,680,874	-	
Warehousing & Transportation Project in FATA (WFP)	4,440,558	-	7,411,852	-	3,989,660	225,000	1,243,366	-	
Strengthening Rule of Law Project (UNDP)	-	-	6,578,788	-	11,512,879	-	4,934,091	-	
Health Cards Distribution Project - Schar Insaf Program SLIC	5,468,132	-	14,597,625	-	27,467,048	-	18,337,555	-	
Community Driven Environmental Health Program - IRC	4,415,887	-	9,291,160	-	10,473,448	-	5,598,175	-	
Studies under National Parks Project (Wildlife)	-	-	7,524,900	-	7,524,900	-	-	-	
	20,453,952	27,113,965	57,961,691	-	96,227,540	919,860	34,794,060	2,268,364	

5.1 Revenue amount includes amount of Rs 10,224,774 recognized as unrestricted revenue related to following projects:

	Amount
CBDRM/Livelihood Project in FATA (WFP)	52,178
Warehousing & Transportation Project in FATA (WFP)	278,182
Strengthening Rule of Law Project (UNDP)	(460,299)
Health Cards Distribution Project - Schar Insaf Program SLIC	9,882,418
Studies under National Parks Project (Wildlife)	472,195
	10,224,674

5.2 Revenue from this project is recognized on achievement of milestones, this amount represents expenses incurred but milestones not yet achieved.

JUNE 2017 (RUPEES)	DEC 2016 (RUPEES)
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6. **ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advances-considered good

Operational Advances - Employees
Operational Advances - Field Offices

-	-
63,079	83,221
224,030	255,288
287,109	338,509

Deposits

Security deposits to Fuel Pumps
State Life Insurance Corporation
Office security
Security with Vehicles vendor
Other Deposits

270,000	270,000
1,630,000	1,630,000
155,000	155,000
-	100,000
208,660	208,660
2,263,660	2,363,660

Prepayments

Vehicle Insurance
Staff Insurance
Office Rent

-	7,123
-	298,062
-	91,177
-	396,362

Other receivables

Vehicle rent
Salaries from other projects
Office Rent from other projects

-	247,500
40,500	308,000
-	330,000
40,500	885,500

2,591,269	3,984,031
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7. **CASH AND BANK BALANCES**

Cash in hand
Cash at bank

7.1

-	54,500
15,839,791	45,158,929
15,839,791	45,213,429

7.1 **Cash at bank**

PLS Accounts-PKR
Current Account-PKR

15,817,292	45,151,517
22,499	7,412
15,839,791	45,158,929

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	JUNE 2017 (RUPEES)	DEC 2016 (RUPEES)
Salaries payable	4,731,948	12,538,451
Utilities	-	31,045
Labor Payment	2,032,800	-
Vehicle Fuel & Maintenance	264,657	2,822,611
Other Expenses	-	2,046,796
Legal & Professional Charges	11,071,184	-
Lawyers Honararia	-	223,200
Work Tool Kits	1,237,400	-
Vehicle rentals	725,229	-
DSA	-	242,000
Support to LAD	-	82,078
Tax Payable	587,710	32,753
Construction cost	4,289,074	-
Meetings and presentations	397,320	3,037,506
Printing & Stationery	-	1,038,384
Advertisement	-	248,400
Communication Charges	-	131,193
Staff Insurance	117,000	40,824
Office rent	270,000	421,600
Audit remuneration	75,000	150,000
Loan from Directors	600,000	-
	26,399,322	23,086,841

9. DONATIONS & OTHER INCOME

Other income	912,500	399
Bank profit	112,923	342,153
Vehicle Rent	219,100	495,000
Management fee	919,860	1,045,142
	2,164,383	1,882,695

10. PROGRAM COSTS

Salaries and wages	29,395,951	28,802,924
Perdiem and honoraria	1,470,350	274,480
Construction Cost	4,758,812	11,044,142
Labour Cost	8,778,920	-
Meeting & presentation	4,380,658	1,862,143
Staff Insurance	451,976	666,050
EOBI	-	63,000
Entertainment	16,680	-
Advertisement	125,600	304,120
Trainings	39,470	86,410
Travelling & Transportation	6,091,893	5,545,881
Project office rent	1,257,900	1,626,000
Utilities	384,752	274,202
Communication Charges	421,991	475,799
Office supplies	3,963,319	1,617,706
Kitchen Supplies	96,363	-
Equipments	241,240	-
Security expenses	-	35,000
Printing and stationery	593,801	153,929
Distribution Items	1,461,400	-
Repair & maintenance	86,602	311,910
Visibility	377,162	-
Legal and professional	19,449,096	1,481,274
POL	2,146,406	1,529,292
Bank charges	12,424	5,443
Miscellaneous	-	76,279
	86,002,766	56,235,984

11. ADMINISTRATIVE EXPENSE

	JUNE 2017 (RUPEES)	JUNE 2016 (RUPEES)	DEC 2016 (RUPEES)
Salaries and other benefits	4,860,700	3,288,865	2,721,669
Remuneration of Executive body members	-	780,000	780,000
Printing and stationery expense	-	-	31,535
Travelling and transportation charges	26,961	10,450	549,146
POL	6,590	42,560	99,377
Kitchen supplies	11,187	79,084	70,706
Equipments	-	-	-
Office rent	1,003,239	790,835	665,604
Office supplies	336,275	137,699	(57,485)
Entertainment	6,860	24,576	7,390
Advertisement	9,100	-	-
Repair and maintenance	214,303	81,180	254,270
Meetings and Presentations	77,359	-	-
Staff Insurance	358,398	-	-
Utility bills	52,628	49,381	51,176
Legal and professional	109,250	156,590	176,412
Miscellaneous	2,720	237	11,462
Boarding & Lodging Expenses	24,785	-	6,100
EOBI	-	21,425	-
Communication charges	45,241	143,318	100,259
Vehicle Insurance	7,122	87,400	(7,123)
Bank charges	36,012	10,500	31,974
Audit fee	75,000	-	150,000
	<u>7,263,729</u>	<u>5,704,100</u>	<u>5,642,472</u>

12. RELATED PARTY TRANSACTIONS

The organisation has related party transaction with key management personnel. There are no transaction with key management personnel other than under their terms of employment:

	JUNE 17		JUNE 16		DEC 16	
	Executive Director	Chairman	Executive Director	Chairman	Executive Director	Chairman
Remuneration and other benefits	900,000	60,000	720,000	60,000	720,000	60,000
Loan from Director	600,000	-	-	-	-	-

13. GENERAL

- These figures have been rounded to the nearest rupee.
- Comparative figures are rearranged and regrouped whenever necessary for the purpose of comparison.

14. AUTHORIZATION OF FINANCIAL STATEMENT

- These financial statements have been approved by the Executive Council on 17 NOV 2017.


CHAIRMAN


EXECUTIVE DIRECTOR