

Awaz Foundation Pakistan - Centre for Development Services

Financial Statements for the year ended  
30 June 2008



KPMG Taseer Hadi & Co,  
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## Auditors' Report to the Members

We have audited the annexed balance sheet of **Awaz Foundation Pakistan – Centre for Development Services ("the NGO")** as at 30 June 2008 and the related income and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof for the year then ended.

It is the responsibility of the NGO's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. 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 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 management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the NGO as at 30 June 2008 and of its deficit and cash flow for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

The financial statements of the NGO for the year ended 30 June 2007 were audited by another firm of auditors; whose report dated 31 October 2007 expressed a unqualified opinion thereon.

Lahore:

29 NOV 2008

*KPMG Taseer Hadi & Co.*

KPMG Taseer Hadi & Co  
Chartered Accountants

*Wm. B. Ewing*

  
Chairperson

The attached notes 1 to 16 form an integral part of these financial statements.

*Lahore:*

Chairperson

**Chief Executive**

Awaz Foundation Pakistan: Centre For Development Services  
Income and Expenditure Account

For the year ended 30 June 2008

|                                      | Note | 2008<br>Rupees     | 2007<br>Rupees |
|--------------------------------------|------|--------------------|----------------|
| <b>Income</b>                        |      |                    |                |
| Grants from:                         |      |                    |                |
| Oxfam NOVIB                          |      | 9,246,515          | 7,472,000      |
| CARE International Pakistan          |      | -                  | 2,064,710      |
| PLAN Pakistan                        |      | 1,438,250          | 1,991,041      |
| National Democratic Institute        |      | -                  | 83,670         |
| Henrich Boll Foundation              |      | 950,687            | 1,313,657      |
| Oxfam Great Britain                  |      | 1,913,715          | 699,500        |
| World Population Foundation          |      | 705,073            | 185,125        |
| Miscellaneous grants                 |      | 102,459            | -              |
|                                      |      | 14,356,699         | 13,809,703     |
| Others:                              |      |                    |                |
| Other Income                         | 13   | 171,290            | 204,139        |
|                                      |      | 14,527,989         | 14,013,842     |
| <b>Expenditures</b>                  |      |                    |                |
| Project expenses                     | 14   | (15,968,732)       | (13,932,828)   |
| <b>Deficit/ surplus for the year</b> |      | <b>(1,440,743)</b> | <b>81,014</b>  |

The attached notes 1 to 16 form an integral part of these financial statements.

Lahore:

  
Chairperson

  
Chief Executive

# Awaz Foundation Pakistan: Centre For Development Services

## Cash Flow Statement

For the year ended 30 June 2008

|  | Note | 2008<br>Rupees          | 2007<br>Rupees          |
|--|------|-------------------------|-------------------------|
| <b>Cash flow from operating activities</b>             |      |                         |                         |
| Deficit/ surplus for the year                          |      | (1,440,743)             | 81,014                  |
| Adjustment for non cash expenses and other items:      |      |                         |                         |
| Depreciation   |      | 508,721                 | 636,264                 |
| Gain on sale of fixed assets                           |      | (54,633)                | (35,000)                |
| Depreciation of donated assets                         |      | 5,850                   | 7,000                   |
| Capital grants charged to income and expenditure       |      | (5,850)                 | (7,000)                 |
|  |      | <u>(986,655)</u>        | <u>682,278</u>          |
| <b>(Increase)/decrease in working capital</b>          |      |                         |                         |
| Decrease in advances                                   |      | 84,896                  | 138,773                 |
| Increase in creditors, accrued and other liabilities   |      | 825,031                 | (433,186)               |
| Staff benefits paid                                    |      | -                       | (211,610)               |
|  |      | <u>909,927</u>          | <u>(506,023)</u>        |
| <b>Net cash used in operating activities</b>           |      | <u>(76,728)</u>         | <u>176,255</u>          |
| <b>Cash flow from investing activities</b>             |      |                         |                         |
| Fixed assets purchased                                 |      | (125,720)               | (257,982)               |
| Proceeds from sale of fixed assets                     |      | 260,000                 | 85,000                  |
| Long term security deposits                            |      | (305,000)               | -                       |
| <b>Net cash used in investing activities</b>           |      | <u>(170,720)</u>        | <u>(172,982)</u>        |
| <b>Cash flow from financing activities</b>             |      |                         |                         |
| Employees' security deposits                           |      | 322,963                 | -                       |
| Net increase in cash and cash equivalents              |      | <u>75,515</u>           | <u>3,273</u>            |
| Cash and cash equivalents at the beginning of the year |      | 3,414,848               | 3,411,575               |
| Cash and cash equivalents at the end of the year       | 10   | <u><u>3,490,363</u></u> | <u><u>3,414,848</u></u> |

The attached notes 1 to 16 form an integral part of these financial statements.

Lahore:

  
Chairperson

  
Chief Executive



Awaz Foundation Pakistan: Centre For Development Services  
Statement of Changes in Fund Balances  
For the year ended 30 June 2008

|  | General fund | Reserve fund | Capital grant | Total       |
|--|--------------|--------------|---------------|-------------|
|  | Rupees       |              |               |             |
| Balance as at 30 June 2006                         | 6,548,946    | 142,469      |               | 6,691,415   |
| Fixed assets acquired by donors during the year    | -            | -            | 35,000        | 35,000      |
| Transferred to income and expenditure account      | -            | -            | (7,000)       | (7,000)     |
| Transferred to vehicle reserve fund                | (605,351)    | 605,351      | -             | -           |
| Transferred to staff benefit reserve fund          | (248,525)    | 248,525      | -             | -           |
| Transferred to technical assistance revolving fund | (15,100)     | 15,100       | -             | -           |
| Surplus for the year                               | 81,014       | -            | -             | 81,014      |
| Balance as at 30 June 2007                         | 5,760,984    | 1,011,445    | 28,000        | 6,800,429   |
| Transferred to income and expenditure account      | -            | -            | (5,850)       | (5,850)     |
| Transferred to vehicle reserve fund                | (345,971)    | 345,971      | -             | -           |
| Transferred to staff benefit reserve fund          | (223,150)    | 223,150      | -             | -           |
| Transferred to technical assistance revolving fund | (431,114)    | 431,114      | -             | -           |
| Deficit for the year                               | (1,440,743)  | -            | -             | (1,440,743) |
| Balance as at 30 June 2008                         | 3,320,006    | 2,011,680    | 22,150        | 5,353,836   |

The attached notes 1 to 16 form an integral part of these financial statements.

*Approved by*

Lahore:

Chairperson

Chief Executive

## Awaz Foundation Pakistan: Centre For Development Services

### Notes to the Financial Statements

For the year ended 30 June 2008

#### 1 Legal status and nature of business

Awaz Foundation Pakistan - Centre for development services (the "NGO") was registered under Societies Registration Act, XXI of 1860 on the 26 December 2002 by the Registrar, Joint Stock Company, Multan vide Registration No. RM/123/S/2002. The registered office of the NGO is situated in Multan at House: 24-10-N/ 8-A D Block, Shamsabad Colony, Multan. The main object of the NGO is to provide health and hygiene education, enhancing literacy and education empowering people, especially women and youth through group formation, training and networking. Facilitating mechanism that promote tolerance, democratic values and culture, social harmony and peace in the society.

#### 2 Statement of compliance

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

#### 3 Significant accounting policies

##### 3.1 Accounting convention

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

##### 3.2 Accounting estimates

In these financial statements except for the cash flow statement, all the transactions have been accounted for on accrual basis. The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Useful life and residual values of fixed assets - note 3.3
- b) Provisions - note 3.6

*Amir Ali*

### 3.3 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Depreciation is charged to income and expenditure account on reducing balance method by applying rates as disclosed in note 9.

Depreciation on addition is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Gain/ loss on disposal of fixed assets is taken to income and expenditure account.

Maintenance and normal repairs are charged to income as and when incurred.

#### *Donated assets*

Donated assets are stated at fair value of the asset at the time of acquisition.

### 3.4 Revenue recognition

#### *Grants related to income*

Grants related to income are recognized on a systematic basis as income over the periods necessary to match them with related expenses incurred in accordance with terms of the respective project agreements.

#### *Grants related to assets*

Grants related to assets are recognized as deferred income under the head Capital grant. An amount equivalent to the depreciation for each year on such assets is credited to income and expenditure account in the same year in which the depreciation is charged. Amount equal to book value of assets relating to grant is also transferred to income and expenditure account in the same year in which asset is disposed off.

#### *Bank profit and management fees*

Profit on bank deposits and management fees are recognized on accrual basis.

#### *Others*

All other grants/donations are recognized when actually received/transferred to the Foundation.

*Adopted by*



### **3.5 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 bank balances.

### **3.6 Provisions**

Provisions are recognized when the Foundation has a present obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

### **3.7 Accrued expenses and other liabilities**

Accrued expenses and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

### **3.8 Creditors, accrued and other liabilities**

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and/or services received, whether or not billed to the Foundation.

### **3.9 Allocation of common cost**

Common cost are cost used by more than one activity and cannot be allocated to single project activity. Common costs are allocated to the activities on a basis consistent, to the extent possible, with the actual use of the resources by the activities from relevant project/ programs budgets.

### **3.10 Taxation**

The income of the Foundation is exempt from levy of tax under clause (c) of sub-section 36 of section 2 of the Income Tax Ordinance, 2001. Accordingly, no provision for taxation has been made in the financial statements. The foundation has applied for this exemption.

## **4 General fund**

The General fund comprises the accumulated surplus and deficit of donations and grants for which the donor has specified an intention to support a particular aspect of activities together with income accruing directly to those restricted funds. Surpluses are held until they are fully expended or returned at the end of the respective grant period.

*AMT/MG/14*

5 Reserve fund

A reserve fund is made in which funds for specific purposes are transferred from General fund.

|        |        |
|--------|--------|
| 2008   | 2007   |
| Rupees | Rupees |

6 Capital grant

|  |               |               |
|--|---------------|---------------|
| Opening balance                        | 28,000        | -             |
| Fixed assets purchased during the year | -             | 35,000        |
| Less: Amortization for the year        | (5,850)       | (7,000)       |
|  | <u>22,150</u> | <u>28,000</u> |

This amount represents grants received from various donors in form of fixed assets.

|        |        |
|--------|--------|
| 2008   | 2007   |
| Rupees | Rupees |

7 Creditors, accrued and other liabilities

|                               |                |                |
|-------------------------------|----------------|----------------|
| Accrued liabilities           | 155,405        | -              |
| Audit fee payable             | 150,000        | 75,000         |
| Salaries payable              | 506,000        | 60,500         |
| Security deposits             | 90,000         | -              |
| Bills payable                 | 51,622         | 22,748         |
| Communication expense payable | 13,200         | 6,470          |
| Income tax payable            | 24,684         | -              |
| EOBI payable                  | 6,118          | 7,280          |
|                               | <u>997,029</u> | <u>171,998</u> |

8 Contingencies and commitments

There were no significant contingencies and commitments at the balance sheet date (2007: Nil).

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9 Fixed assets - at cost less accumulated depreciation

|                           | Cost               |           |           | Depreciation       |              |          | Written down value as at |                    |
|---------------------------|--------------------|-----------|-----------|--------------------|--------------|----------|--------------------------|--------------------|
|                           | As at 01 July 2007 | Additions | Deletions | As at 30 June 2008 | For the year | Deletion | As at 30 June 2008       | As at 30 June 2008 |
|                           | Rupees             | Rupees    | Rupees    | Rupees             | Rupees       | Rupees   | Rupees                   | Rupees             |
| <b>Owned</b>              |                    |           |           |                    |              |          |                          |                    |
| Furniture and fixture     | 747,788            | -         | -         | 747,788            | 54,501       | -        | 257,280                  | 490,508            |
| Office equipments         | 707,363            | 124,000   | (64,630)  | 766,733            | 60,261       | (6,463)  | 229,804                  | 536,929            |
| Computers and printers    | 664,235            | -         | -         | 664,235            | 89,282       | -        | 455,909                  | 208,326            |
| Electric installations    | 299,318            | 1,720     | -         | 301,038            | 20,437       | -        | 115,676                  | 185,362            |
| Medical instruments       | 81,214             | -         | -         | 81,214             | 4,999        | -        | 36,223                   | 44,991             |
| Shuttering                | 12,400             | -         | -         | 12,400             | 507          | -        | 7,836                    | 4,564              |
| Levelling machine         | 23,500             | -         | -         | 23,500             | 759          | -        | 16,666                   | 6,834              |
| Generator                 | 180,000            | -         | -         | 180,000            | 14,580       | -        | 48,780                   | 131,220            |
| Vehicles                  | 2,620,372          | -         | (230,000) | 2,390,372          | 263,395      | (82,800) | 1,253,993                | 1,136,379          |
|                           | 5,336,190          | 125,720   | (294,630) | 5,167,280          | 508,721      | (89,263) | 2,422,167                | 2,745,113          |
| <b>Donated assets</b>     |                    |           |           |                    |              |          |                          |                    |
| Computers and accessories | 20,000             | -         | -         | 20,000             | 4,500        | -        | 9,500                    | 10,500             |
| Electric installation     | 15,000             | -         | -         | 15,000             | 1,350        | -        | 2,850                    | 12,150             |
|                           | 35,000             | -         | -         | 35,000             | 5,850        | -        | 12,350                   | 22,650             |
| <b>Total 2008</b>         | 5,371,190          | 125,720   | (294,630) | 5,202,280          | 514,571      | (89,263) | 2,434,517                | 2,767,763          |
| <b>Total 2007</b>         | 5,078,208          | 292,982   | -         | 5,371,190          | 643,264      | -        | 2,009,209                | 3,361,981          |

Depreciation charge for the year has been allocated as follows:

|                | 2008    | 2007    |
|----------------|---------|---------|
|                | Rupees  | Rupees  |
| Owned assets   | 508,721 | 636,264 |
| Donated assets | 5,850   | 7,000   |
|                | 514,571 | 643,264 |

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|                                       | 2008<br>Rupees   | 2007<br>Rupees   |
|---------------------------------------|------------------|------------------|
| <b>10 Long term security deposits</b> |                  |                  |
| Display centre                        | 300,000          | -                |
| POL security                          | 5,000            | -                |
|                                       | <u>305,000</u>   | <u>-</u>         |
| <b>11 Advances - considered good</b>  |                  |                  |
| Advances to employees                 |                  |                  |
| Against salary                        | 31,000           | 171,230          |
| Against expenses                      | 79,702           | 24,368           |
|                                       | <u>110,702</u>   | <u>195,598</u>   |
| <b>12 Cash and bank balances</b>      |                  |                  |
| Cash in hand                          | 65,854           | 35,618           |
| Cash at bank                          |                  |                  |
| Saving accounts                       | 3,255,953        | 3,379,230        |
|                                       | <u>3,321,807</u> | <u>3,414,848</u> |
| <b>13 Other income</b>                |                  |                  |
| Bank profit                           | 100,807          | 147,739          |
| Gain on disposal of fixed assets      | 54,633           | 35,000           |
| Membership fee                        | 7,200            | 14,400           |
| Transferred from capital grants       | 5,850            | 7,000            |
| Others                                | 2,800            | -                |
|                                       | <u>171,290</u>   | <u>204,139</u>   |

*James M*

# 14 Project expenses

|                              | ICDEP HO         | ICDEP FO AP      | ICDEP FO TA      | YAC              | LSBE           | IPHP             | EDU, M.G         | ACDS           | SLGDI         | WREP       | DRP/ CBHDMP      | WAPE           | TOTAL             |
|------------------------------|------------------|------------------|------------------|------------------|----------------|------------------|------------------|----------------|---------------|------------|------------------|----------------|-------------------|
|                              | Rupees           | Rupees           | Rupees           | Rupees           | Rupees         | Rupees           | Rupees           | Rupees         | Rupees        | Rupees     | Rupees           | Rupees         | Rupees            |
| Staff salaries               | 3,275,732        | 587,038          | 721,440          | 368,450          | 340,912        | 439,910          | 150,000          | 35,000         | -             | -          | -                | -              | 5,918,502         |
| Communication                | 38,857           | 35,913           | 34,788           | 24,627           | 24,238         | 23,404           | 9,508            | -              | -             | -          | -                | -              | 191,335           |
| Utility bills                | 81,560           | 36,183           | 40,353           | 27,525           | 19,823         | 11,453           | 9,408            | 539            | -             | -          | -                | -              | 226,844           |
| Office rent                  | 180,000          | -                | -                | 60,000           | 21,000         | 59,895           | 30,000           | -              | -             | -          | -                | -              | 350,895           |
| Administrative cost          | 110,801          | 43,983           | 31,445           | 31,140           | 21,686         | 49,067           | -                | 5,540          | -             | -          | -                | -              | 293,662           |
| Traveling and transportation | 481,783          | 175,112          | 259,993          | -                | -              | 66,418           | -                | 1,150          | -             | -          | -                | -              | 984,456           |
| Networking and linkages      | 293,017          | 6,525            | 3,978            | 104,262          | 62,608         | -                | -                | 50,458         | -             | -          | -                | -              | 520,848           |
| Training and workshops       | 62,915           | 53,442           | 386,160          | -                | 4,860          | -                | 72,514           | 7,480          | -             | -          | -                | -              | 587,371           |
| Construction of schools      | -                | -                | -                | -                | -              | -                | 1,853,460        | -              | -             | -          | -                | -              | 1,853,460         |
| Trainings and staff meetings | 923,949          | 12,521           | 4,112            | -                | -              | -                | -                | -              | -             | -          | -                | -              | 940,582           |
| Forums and seminars          | -                | -                | -                | 29,500           | 51,909         | -                | -                | 1,879          | -             | -          | -                | -              | 86,288            |
| Health related activities    | -                | -                | -                | -                | -              | 353,852          | 32,169           | 20,500         | -             | -          | -                | -              | 406,521           |
| PRAP and advocacy event      | 1,162,945        | 21,910           | 17,625           | 903,101          | 46,335         | 21,546           | -                | 29,161         | -             | -          | -                | -              | 2,202,833         |
| Monitoring and evaluation    | 530,960          | -                | -                | -                | -              | 15,694           | -                | -              | -             | -          | -                | -              | 546,654           |
| Resource centre              | 281,465          | -                | -                | -                | -              | -                | -                | -              | -             | -          | -                | -              | 281,465           |
| Technical support            | 39,900           | -                | -                | -                | -              | -                | -                | -              | -             | -          | -                | -              | 39,900            |
| Bank charges                 | 272              | 1,341            | 5,399            | 1,225            | 496            | 2,552            | 1,081            | 10,189         | -             | -          | -                | -              | 22,555            |
| Depreciations                | 508,721          | -                | -                | -                | -              | -                | -                | 5,850          | -             | -          | -                | -              | 514,571           |
| <b>Total</b>                 | <b>7,972,897</b> | <b>973,968</b>   | <b>1,505,293</b> | <b>1,549,830</b> | <b>597,667</b> | <b>1,043,791</b> | <b>2,158,140</b> | <b>167,746</b> | <b>-</b>      | <b>-</b>   | <b>-</b>         | <b>-</b>       | <b>15,968,732</b> |
| <b>Total 2007</b>            | <b>5,450,850</b> | <b>1,142,320</b> | <b>798,867</b>   | <b>828,795</b>   | <b>127,961</b> | <b>1,679,694</b> | <b>388,371</b>   | <b>752,119</b> | <b>18,243</b> | <b>366</b> | <b>2,179,005</b> | <b>566,237</b> | <b>13,932,828</b> |

## Project name

|             |  |
|-------------|--|
| ICDEP       | Integrated community development & empowerment program               |
| -HO         | Head office, Multan  |
| -FO AP      | Field office, Ali pur  |
| -FO TA      | Field office, Tamsa  |
| YAC         | Youth awareness campaign for peace, democracy and human rights       |
| LSBE        | Life skill based education program                                   |
| IPHP        | Integrated primary healthcare program                                |
| EDU, M.G    | Addressing gender disparities through education                      |
| ACDS        | Avaz centre for development services (Miscellaneous)                 |
| SLGDI       | Strengthening local government development initiative                |
| WREP        | Women rights and emancipation program                                |
| DRP/ CBHDMP | Disaster relief program/ Community based health and disaster program |
| WAPE        | Women awareness and post-earthquake emancipation                     |

## Supporting donors:

|                               |
|-------------------------------|
| Oxfam NOVIB                   |
| Heinrich Boll Foundation      |
| World Population Foundation   |
| PLAN Pakistan                 |
| Oxfam Great Britain           |
| Self help basis               |
| National Democratic Institute |
| European Union                |
| CARE International Pakistan   |
| CARE International Pakistan   |

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15 Date of authorization

These financial statements were authorized for issue on Nov. 29, 2008 by the board of directors.

16 General

- Figures have been rounded off to the nearest rupee.
- Capital grants were previously being shown as Deferred income under Non current liabilities.

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Lahore:

  
Chairperson

  
Chief Executive