

**People Empowering & Development Alternatives-  
PEDA International**

**Audit of Financial Statements**

**For**

**Year ended 30<sup>TH</sup> June 2017**

[www.primeglobal.net](http://www.primeglobal.net)

[info@zahidjamilco.com](mailto:info@zahidjamilco.com)  
[www.zahidjamil.com](http://www.zahidjamil.com)

## **INDEPENDENT AUDITOR'S REPORT**

To members of People Empowering & Development Alternatives-PEDA International

### *Opinion*

We have audited the financial statements of People Empowering & Development Alternatives-PEDA International, which comprise the balance sheet as at June 30, 2017 and the profit and loss account and cash flow statement for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PEDA International as at June 30, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Revised Accounting and Financial Reporting Standards for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan (RAFRS for SSEs).

### *Basis of Opinion*

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further disclosed in Auditor's Responsibilities for the audit of the Financial Statements section of our report. We were independent of the PEDA International 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 Members for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the RAFRS for SSEs, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the PEDA International's ability to continue as 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 PEDA International or to cease operations, or has no realistic alternative but to do so. Members are responsible for overseeing the PEDA International'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 guaranteed that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material

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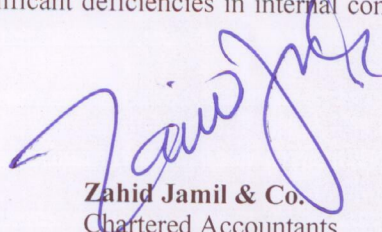
misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 PEDDA International's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 PEDDA International'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 PEDDA International to cease to continue as 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 presentations.

We communicate with the Members, 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.

Date: September 17, 2017  
Place: Islamabad

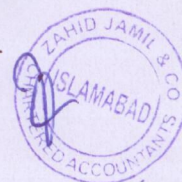


Zahid Jamil & Co.  
Chartered Accountants  
Engagement Partner:  
Mr. Mazhar Arshad

**PEOPLE EMPOWERING & DEVELOPMENT ALTERNATIVES-PEDA INTERNATIONAL**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Operating fixed assets	4	396,732	461,247
<b>CURRENT ASSETS</b>			
Trade debtors-considered secured		-	858,023
Advance income tax		95,535	63,111
Prepaid security		19,000	-
Cash and bank balances	5	261,515	24,766
		<b>376,050</b>	<b>945,901</b>
<b>TOTAL ASSETS</b>		<b>772,782</b>	<b>1,407,148</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Partners' Capital accounts</b>			
Mujahid Hussain		(298,370)	(91,920)
Mrs. Mujahid Hussain		(19,707)	(8,841)
	6	<b>(318,078)</b>	<b>(100,761)</b>
<b>NON CURRENT LIABILITIES</b>			
Loan from partner	7	707,444	940,080
<b>CURRENT LIABILITIES</b>			
Accrued and other payables	8	383,416	567,829
Provision for taxation	12	-	-
		<b>772,782</b>	<b>1,407,148</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9	-	-

The annexed notes from 1 to 15 form an integral part of these financial statements.



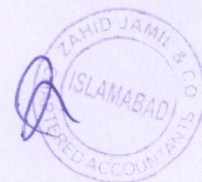
  
 PARTNER

  
 PARTNER

**PEOPLE EMPOWERING & DEVELOPMENT ALTERNATIVES-PEDA INTERNATIONAL  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Note</u>	<u>2017 Rupees</u>	<u>2016 Rupees</u>
Revenue		5,423,642	12,089,730
Less: Cost of services	10	<u>(4,124,793)</u>	<u>(9,728,142)</u>
Gross profit		1,298,849	2,361,589
Admin and general expenses	11	(1,206,414)	(1,991,523)
Financial expenses		<u>(15,766)</u>	<u>(53,637)</u>
		76,669	316,429
Other income		-	28,844
Profit before tax		<u>76,669</u>	<u>345,273</u>
Taxation	12	(293,985)	-
Profit/(loss) for the year		<u><u>(217,316)</u></u>	<u><u>345,273</u></u>

The annexed notes from 1 to 15 form an integral part of these financial statements.



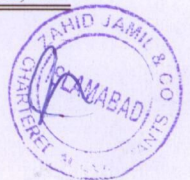
**PARTNER**


**PARTNER**

PEOPLE EMPOWERING & DEVELOPMENT ALTERNATIVES-PEDA INTERNATIONAL  
 CASH FLOW STATEMENT  
 FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before taxation		76,669	345,273
<b>Adjustments for the non cash items:</b>			
Depreciation		71,515	45,853
		148,184	391,126
<b>Working capital changes</b>			
<b>(Increase)/decrease in current assets</b>			
Advances, deposits and prepayments		839,023	(858,023)
Advance income tax		(32,424)	(63,111)
		806,599	(921,134)
<b>Increase/(decrease) in current liabilities</b>			
Accrued and other liabilities		(184,413)	567,829
		622,186	567,829
<b>Cash Generated from Operations</b>			
Tax paid		770,370	(353,305)
		(293,985)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		476,385	37,820
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(7,000)	(507,100)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(7,000)	(507,100)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Fresh capital from partner		-	52,066
Loan from partner		(232,636)	430,080
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		(232,636)	482,146
<b>NET(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		236,749	12,866
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		24,766	11,900
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	5	261,515	24,766

The annexed notes from 1 to 15 form an integral part of these financial statements.



  
 PARTNER

  
 PARTNER

PEOPLE EMPOWERING & DEVELOPMENT ALTERNATIVES-PEDA INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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**1 LEGAL STATUS AND ACTIVITIES**

People Empowering & Development Alternatives-PEDA International (the Firm) was incorporated on March 27, 2014 as a partnership firm under Section 58 (1) of the Partnership Act, 1932. The Firm is engaged in the quality services and management consultancies, programmatic technical services, etc to government, public and development sectors both national and international level clients. The Firm's corporate office is located in Islamabad.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Revised Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention and on accrual basis of accounting except for the cash flow statement.

**3.2 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Firm's functional and presentation currency.

**3.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to useful life of depreciable assets and provisions for doubtful debts.

**3.4 Operating fixed assets**

These are stated at cost, less accumulated depreciation or impairment, if any. Depreciation is charged to income applying the reducing balance method at the monthly rates specified in Note 4. Full month's depreciation is charged on additions during the month while no depreciation is charged during the month of disposal of assets.

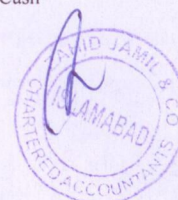
Normal repair and maintenance costs are charged to income as and when incurred. However, major renewals and improvements are capitalized. Gain and loss on disposal of fixed assets is charged to income.

**3.5 Impairment**

The Firm assesses at each balance sheet date whether there is any indication that assets may be impaired. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to profit and loss account. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

**3.6 Cash and cash equivalents**

For the purpose of cash flow statements, cash and cash equivalent comprise of cash in hand and cash at bank. Cash and cash equivalents are carried in the balance sheet at cost.



**PEOPLE EMPOWERING & DEVELOPMENT ALTERNATIVES-PEDA INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**3.7 Taxation**

Provision for taxation is based on taxable payable method by applying tax rates to taxable income and adjusting therefrom available tax credits and rebates, if any.

**3.8 Revenue recognition**

Revenue is recognized to the extent that it is probable that the future economic benefits will flow to the Firm and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis.

**3.9 Foreign currency transactions**

Transactions in foreign currencies are recorded in Pak Rupee at prevailing rate on the date of the transaction. Monetary assets and liabilities in foreign currencies at the year end are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date.

**3.10 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms' length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**3.11 Provision**

A provision is recognized when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

**3.12 Financial Instrument**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Subsequently all financial assets and financial liabilities are measured at amortized cost, except for investments in equity instruments. Investments in equity instruments that are quoted in an active market shall be measured at fair value and investments in equity instruments that do not have active market shall be carried at cost less impairment, if any. Changes in fair value are recognized in net income





PEOPLE EMPOWERING & DEVELOPMENT ALTERNATIVES-PEDA INTERNATIONAL  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2017

4 OPERATING FIXED ASSETS

Particulars	Furniture and fixtures	Office equipment	Computers and accessories	Total
------(Rupees)-----				
<b>As at June 30, 2017</b>				
Accumulated Cost	309,300	26,700	178,100	514,100
Accumulated Depreciation	(43,848)	(6,976)	(66,544)	(117,368)
Net book value	<u>265,452</u>	<u>19,724</u>	<u>111,556</u>	<u>396,732</u>
<b>Reconciliation</b>				
Net book value as at July 1, 2016	285,848	24,139	151,260	461,247
Addition during the year	7,000	-	-	7,000
Depreciation charge for the year	(27,396)	(4,415)	(39,704)	(71,515)
Net book value as at June 30, 2017	<u>265,452</u>	<u>19,724</u>	<u>111,556</u>	<u>396,732</u>
<b>As at June 30, 2016</b>				
Accumulated Cost	302,300	26,700	178,100	507,100
Accumulated Depreciation	(16,452)	(2,561)	(26,840)	(45,853)
Net book value	<u>285,848</u>	<u>24,139</u>	<u>151,260</u>	<u>461,247</u>
<b>Reconciliation</b>				
Net book value as at July 1, 2015	-	-	-	-
Addition during the year	302,300	26,700	178,100	507,100
Depreciation charge for the year	(16,452)	(2,561)	(26,840)	(45,853)
Net book value as at June 30, 2016	<u>285,848</u>	<u>24,139</u>	<u>151,260</u>	<u>461,247</u>
Depreciation Rates (%)	10	20	30	

4.1 ALLOCATION OF DEPRECIATION EXPENSES

Depreciation for the year is charged to cost of sale and administrative expense on below mentioned ratio.

	Ratio	2017 Rupees	2016 Rupees
Cost of services	90%	64,364	41,268
Administrative expenses	10%	7,151	4,585
		<u>71,515</u>	<u>45,853</u>



PEOPLE EMPOWERING & DEVELOPMENT ALTERNATIVES-PEDA INTERNATIONAL  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
<b>5 CASH AND BANK BALANCES</b>		
Cash in hand	231	1,342
Cash at bank	261,284	23,424
	<u>261,515</u>	<u>24,766</u>

**6 PARTNERS' CAPITAL ACCOUNT**

	Mr. Mujahid Hussain	Mrs. Mujahid Hussain	Total	2016
	-----Rupees-----			(Rupees)
Opening capital as at July 01, 2016	(91,920)	(8,841)	(100,761)	(498,100)
Add: fresh capital injected during the year	-	-	-	52,066
Less : Drawings	-	-	-	-
Add: Share of profit (loss) for the year	(206,450)	(10,866)	(217,316)	345,273
Closing capital as at June 30, 2017	<u>(298,370)</u>	<u>(19,707)</u>	<u>(318,078)</u>	<u>(100,761)</u>

**7 LOAN FROM PARTNER**

Opening balance	940,080	510,000
Add: loan received during the year	566,864	469,780
Less : repayment of loan	(799,500)	(39,700)
	<u>707,444</u>	<u>940,080</u>

7.1 Mr. Mujahid Hussain has provided loan for managing day to day routine expenses of the Firm. It was agreed that this loan will be interest free and will be repayable after one year.

**8 ACCRUED AND OTHER PAYABLES**

Accrued liabilities	353,416	507,829
Audit fee payable	30,000	60,000
	<u>383,416</u>	<u>567,829</u>

**9 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments at year end (2016:Nil).

**10 COST OF SALE**

Consultant fee	802,400	4,584,574
Salaries and benefits	2,550,688	3,841,305
Travelling and conveyance charges	372,390	804,233
Accommodation charges	329,731	298,068
Training, printing and postage charges	5,220	158,694
Depreciation	64,364	41,268
	<u>4,124,793</u>	<u>9,728,142</u>

**11 ADMIN AND GERNERAL EXPNESES**

Salaries and benefits	283,410	352,256
Travelling and conveyance	30,680	91,469
Utilities	41,970	56,521
Food and entertainment charges	36,993	134,026
Repair and maintenance	95,790	89,360
Rent, rates and taxes	472,750	666,000
Legal and professional charges	30,000	75,000
Telephone and internet charges	28,005	48,594
Stationery and other office supplies	12,140	64,238
Printing and photocopies charges	6,930	109,064
Postage and courier charges	6,360	4,920
Advertisement charges	45,000	265,134
Depreciation	7,152	4,585
Miscellaneous expenses	69,561	30,356
Exchange loss	39,673	-
	<u>1,206,414</u>	<u>1,991,523</u>



PEOPLE EMPOWERING & DEVELOPMENT ALTERNATIVES-PEDA INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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<u>Note</u>	<u>2017</u> <u>Rupees</u>	<u>2016</u> <u>Rupees</u>
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12 TAXATION

The income of the firm is exempt from tax under Clause 131, Part 1, Second schedule of the Income Tax Ordinance, 2001 as to the foreign services whereas income tax on local technical services are charged as per applicable tax rates.

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of partners of AOP, companies with common directorship and key management staff. Transactions and balances with the related parties are disclosed in Notes 6 and 7. Other related party transaction include salary paid to partner during the year of Rs. 1,080,000 (2016: Rs. 1,210,000).

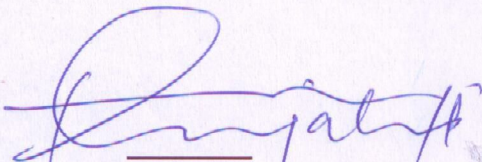
14 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Members of the Firm on 17/09/2017.

15 GENERAL

15.1 Figures have been rounded off to the nearest Rupee.



  
PARTNER

  
PARTNER