

AUDITORS' REPORT TO BOARD OF DIRECTORS

We have audited the accompanying financial statement of **Bonded Labour Liberation Front Pakistan** which comprise of the balance sheet as at June 30, 2015 and Income & Expenditure account, Cash flow Statement, Statement of Changes in Funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Guideline for Accounting and Financial reporting by Non-Government organizations (NGOs/Non-Profit organizations (NPOs)), and for such internal control as the Board of Directors is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Directors, 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 basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Bonded Labour Liberation Front Pakistan** as at June 30, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Guideline for Accounting and Financial reporting by Non-Government organizations (NGOs/Non-Profit organizations (NPOs)).

"Without qualifying our opinion, we draw attention to Note 2 where the fact that accounting year of the organization has been changed from 31 December to 30th June. These financial statements comprising of twelve months starting from 1st July 2014."

TALIB HUSSAIN & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Talib Hussain, FCA
Lahore
October 09, 2015



Balance Sheet
 As at June 30, 2015



	Note	30.06.2015		31.12.2014	
		Rs. in Lakhs Unrestricted	Rs. in Lakhs Restricted	Rs. in Lakhs Total	Rs. in Lakhs Total
Assets					
Non-current					
Operating fixed assets	4	3,871,798	-	3,871,798	2,208,322
Non-current assets		3,871,798	-	3,871,798	2,208,322
Current					
Advances, deposits and Prepayments	5	33,865	-	33,865	1,194,298
Cash and bank balances	6	222,484	-	222,484	386,273
Current debts		256,269	-	256,269	1,963,638
Total assets		4,384,416	-	4,384,416	5,752,521
Represented By:					
Surplus Brought Forward		3,620,441	-	3,620,441	4,427,019
Surplus / (Deficit) for the Year		763,975	-	763,975	1,325,502
		4,384,416	-	4,384,416	5,752,521
Liabilities					
Long Term Liabilities					
Due to Members		70,800	-	70,800	66,934
Current Liabilities					
Creditors, Accrued & Other liabilities	7	35,900	-	35,900	82,830
Current liabilities		35,900	-	35,900	149,764
Total Liabilities		106,700	-	106,700	216,734
Total fund and liabilities		4,384,416	-	4,384,416	5,752,521

Contingencies and commitments

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



[Signature]
 GENERAL SECRETARY

 CHAIRPERSON

Balance Sheet
 As at June 30, 2015



	Note	30.06.2015		31.12.2014	
		Balance Unrestricted	Reserve Restricted	Balance Total	Reserve Total
Assets					
Non-current					
Overseas fixed assets	4	3,871,786	-	3,871,786	2,208,722
Non-current assets		3,871,786	-	3,871,786	2,208,722
Current					
Advances, deposits and Prepayments	6	32,865	-	32,865	1,124,236
Cash and bank balances	6	222,464	-	222,464	386,273
Current assets		255,329	-	255,329	1,510,509
Total assets		4,127,115	-	4,127,115	3,719,231
Represented By:					
Surplus Brought Forward		3,638,441	-	3,638,441	6,437,219
Surplus / (Deficit) for the Year		488,674	-	488,674	(2,716,070)
		3,251,818	-	3,251,818	3,630,441
Liabilities					
Long Term Liabilities					
Due to Members		70,800	-	70,800	61,526
Current Liabilities					
Capital, Accrued & Other liabilities	7	35,300	-	35,300	82,820
Current liabilities		35,300	-	35,300	149,433
Total liabilities		106,100	-	106,100	250,959
Total fund and liabilities		4,021,015	-	4,021,115	3,719,231

Contingencies and commitments 8

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



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 GENERAL SECRETARY

 CHAIRPERSON

BONDED LABOUR LIBERATION FRONT PAKISTAN
(A society registered under the Societies Registration Act XI.VI of 1961)

Income and expenditure account
For the year ended June 30, 2015



Note	From 01-07-2014 to 30-06-2015			From 01-01-2014
	Rupees Unrestricted	Rupees Restricted	Rupees Total	Rupees Total
INCOME				
Funds from Members	-	-	-	595,638
Funds From Action Aid	-	2,195,103	2,195,103	5,137,193
Funds From FES Islamabad	-	2,242,400	2,242,400	1,149,043
Funds From OLF PALME	-	596,638	596,638	25,462
Bank Profit	19,846	-	19,846	-
	19,846	4,992,141	6,011,987	6,911,336
EXPENDITURE				
Donation & Rehabilitation Charges	-	-	-	67,850
Medical Aid	-	10,357	10,357	13,250
Seminar & Other Occasions	238,838	885,372	1,124,210	4,577,464
Staff Salaries & Benefits	435,000	2,010,500	2,445,500	2,985,011
Utilities (E, G, W)	15,640	143,624	159,264	158,422
Communication	25,439	-	25,439	29,850
Rent	-	216,000	216,000	508,616
Repairs & Maintenance	20,488	-	20,488	21,557
Traveling & Conveyance	155,678	72,889	228,567	522,562
Advertisement	4,720	-	4,720	123,000
Legal & Professional	195,000	750,000	945,000	35,000
Printing & Stationery	22,937	75,000	97,937	93,400
Depreciation	161,872	-	161,872	255,480
Others	70,831	20,500	91,331	185,352
Total	1,257,640	4,193,753	5,451,393	9,687,514
PROFIT FOR THE YEAR	(1,237,794)	828,388	(409,406)	(2,776,578)

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

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 GENERAL SECRETARY



CHAIRPERSON

Cash flow statement
 For the year ended June 30, 2015



	from 01-07-2014 to 30-06-2015 Rupees	from 01-07-2014 to 30-12-2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit for the year	(408,856)	(2,778,578)
Adjustments for non-cash items:		
Depreciation	981,872	255,481
Grant amortised during the year	-	-
Gain on disposal of fixed assets	161,872	255,480
Operating cash flows before working capital change	(247,134)	(2,521,098)
Changes in working capital:		
Change in advances, deposits, prepayments and other receivables	1,161,381	(916,950)
Change in Creditors, Accrued & Other liabilities	(83,320)	(257,835)
Change in payables	-	-
Operating cash flow after working capital changes	1,087,481	(1,217,485)
Net cash used in operating activities	860,327	(8,738,583)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in operating fixed assets - unrestricted	(934,116)	(1,034,802)
Addition in operating fixed assets - restricted	-	-
Proceeds from sale of operating fixed assets	-	-
Net cash from investing activities	(934,116)	(1,034,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants received	-	-
Net cash from financing activities	-	-
Net change in cash and cash equivalents during the year	(83,799)	(4,773,385)
Cash and cash equivalents at the beginning of the year	355,273	8,079,658
Cash and cash equivalents at the end of the year	222,494	306,273

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

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 GENERAL SECRETARY



 CHAIRPERSON

BONDED LABOUR LIBERATION FRONT PAKISTAN

(A society registered under the Societies Registration Act XLVI of 1961)

Statement of changes in funds
For the year ended June 30, 2015



	Unrestricted Funds	Restricted Funds	Total Funds
	Rupees	Rupees	Rupees
Balance as on January 01, 2014	8,407,019		8,407,019
Grants received during the year	-		-
Grants amortized during the year	-		-
(Deficit) surplus for the year	(2,776,578)	-	(2,776,578)
Balance as on December 31, 2014	3,630,441	-	3,630,441
Grants received during the year	-		-
Grants amortized during the year	-		-
Deficit for the year	(1,237,194)	828,388	(408,806)
Balance as on June 30, 2015	2,393,247	828,388	3,221,635

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



GENERAL SECRETARY

CHAIRPERSON

BONDED LABOUR LIBERATION FRONT PAKISTAN

(A society registered under the Societies Registration Act XLV of 1961)

Notes to the financial statements

For the year ended June 30, 2015



- 1 Legal status and activities**

Bonded Labour Liberation Front Pakistan was incorporated on 9th December 1960 as a social welfare agency under (Registration and Control) Ordinance, 1961 (XLVI of 1961). The organization engaged in the welfare of human beings.
- 2 Basis for preparation**

These financial statements have been prepared to comply with the requirements of the Memorandum of Association of the Society and the Societies Registration Act, 1960. The organization has changed its financial year in order to comply with tax year. These financial statements are comprising of twelve months starting on 01-07-2014 and ending on 30-06-2015.
- 2.1 Statement of compliance**

These financial statements have been prepared in accordance with the guidelines for accounting and financial reporting by non-government organizations (NGOs)/non-profit organization (NPOs).
- 2.2 Accounting convention**

These financial statements have been prepared under the historical cost convention and on historical basis of accounting except as other wise stated in the respective policies and notes given hereunder.
- 2.3 Accounting estimates**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
- 2.4 Functional and presentation currency**

These financial statements are presented in Pakistan Rupee, which is the functional and presentation currency of the Society.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating fixed assets

Operating fixed assets are stated at cost of asset less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Society and the cost of the item can be measured reliably. All other maintenance charges are charged to income and expenditure account as and when incurred.

Depreciation on all operating fixed assets is charged to income and expenditure account using reducing balance method by using the rates stated in note 4 to these financial statements after taking into account residual values, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date. Full month's depreciation is charged on additions, in the year of addition, while no depreciation is charged in the month of disposal.

Gain or losses on disposal of fixed assets are determined by comparing proceeds with the carrying amount. These are included in the income and expenditure account in the period in which they arise.

3.2 Impairment



Notes to the financial statements
For the year ended June 30, 2015



The carrying amounts of the Society's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in income and expenditure account.

3.3 Cash and cash equivalents

Cash and cash equivalents are carried at cost and comprise of cash in hand and bank balances.

3.4 Unrestricted funds

Grants represent unrestricted fund that is not subject to donor-imposed restriction, normally used to meet the working capital requirements of the Society.

Unrestricted grants are recognized on receipts basis directly in the income and expenditure account.

3.5 Restricted funds

Restricted funds are the grants that are subject to donor-imposed restrictions and may require the passage of time or the occurrence of a specific event to become available for unrestricted use.

Restricted grants relating to expenses are recognized as a balance sheet item under the head restricted fund and thereafter recognized in the income and expenditure account over the period necessary to match them with the expenses that they are intended to compensate.

3.6 Advances, deposits and other receivables

These are stated at cost. An estimate for doubtful receivables is made when collection of the full amount is no longer probable. Inrecoverable amounts are written off when identified.

3.7 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 for the transaction.

3.8 Provisions

Provisions are recognized when the Society has a present legal or constructive obligation as a result of past events, 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.

3.9 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the balance sheet date. Exchange differences are taken to the income and expenditure account.

3.10 Revenue Recognition

The donations and grants from local and international organizations and individuals are recognized on receipt basis. Interest on bank deposit is also recognized on receipt basis.

Revenue from other sources is recognized when the right to receive is established.



4 OPERATING FIXED ASSETS

	Office equipment	Furniture and fixtures	Total
At January 01, 2015			
Cost	2,672,196	661,467	3,333,663
Accumulated depreciation	(793,661)	(240,680)	(1,034,341)
Net book value	1,878,535	420,787	2,299,322
Movement during the year			
Additions - cost	588,647	345,669	934,316
Disposals / transfers			
Cost	-	-	-
Depreciation	-	-	-
Depreciation	(123,359)	(38,313)	(161,672)
Impairment	-	-	-
Closing net book value	2,343,823	727,943	3,071,766
As at June 30, 2015			
Cost	3,260,843	1,006,936	4,267,779
Accumulated depreciation	(917,020)	(278,993)	(1,196,013)
Net book value	2,343,823	727,943	3,071,766
Depreciation rates (%)	10%	10%	

	Office equipment	Furniture and fixtures	Total
At January 01, 2014			
Cost	1,983,244	315,617	2,298,861
Accumulated depreciation	(584,935)	(193,926)	(778,861)
Net book value	1,398,309	121,691	1,520,000
Movement during the year			
Additions - cost	688,932	345,850	1,034,802
Disposals / transfers			
Cost	-	-	-
Depreciation	-	-	-
Depreciation charge for the year	(208,726)	(46,754)	(255,480)
Closing net book value	1,878,535	420,787	2,299,322
As at December 31, 2014			
Cost	2,672,196	661,467	3,333,663
Accumulated depreciation	(793,661)	(240,680)	(1,034,341)
Net book value	1,878,535	420,787	2,299,322
Depreciation rates (%)	10%	10%	



Notes to the financial statements
For the year ended June 30, 2015



Note	30-06-2015			31-12-2014	
	Rupees Unrestricted	Rupees Restricted	Rupees Total	Rupees Total	Rupees Total
5 Advances, deposits and Prepayments					
Staff Advances	23,450	-	23,450	-	23,450
Receivables	-	-	-	-	1,140,403
Prepayments	9,435	-	9,435	-	12,413
Total	32,885	-	32,885	-	1,194,266
6 Cash & bank balances					
Cash in hand	22,010	-	22,010	-	8,000
Cash at bank (Current Accounts)	75,777	-	75,777	-	207,205
Cash at bank (Deposit Accounts)	123,091	-	123,091	-	-
Total	220,878	-	220,878	-	295,205
7 Creditors, Accrued & Other Liabilities					
Accrued Expenses	-	-	-	-	12,440
Others	35,000	-	35,000	-	70,400
Total	35,000	-	35,000	-	82,840
8 Contingencies and commitments					
Contingencies and commitment at the balance sheet date were Rs. Nil (2014: Rs. Nil)					
9 Income					
Funds from Members	-	-	-	-	508,030
Funds From Action Aid	-	2,150,103	2,150,103	-	1,140,043
Funds From FES Islamabad	-	2,243,400	2,243,400	-	26,482
Funds From OLF PALME	-	508,030	508,030	-	5,137,193
Bank Profit	19,848	-	19,848	-	-
Total	19,848	4,902,141	5,011,987	-	6,811,336

10 Taxation
No provision for taxation has been made in the financial statements since income of the Society being non-profit organisation registered under the Societies Registration Act XXI of 1961 is exempt from tax under Income Tax Ordinance, 2001.



Notes to the financial statements For the year ended June 30, 2015



11 Financial risk management objectives and policies

Financial risk factors

The Society's activities expose it a variety of financial risks which include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Society's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the project and provide maximum return to the society.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to currency risk as all the material transactions of the Society are denominated in Pak Rupees.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Society's income and operating cash flows are dependent on changes in market interest rates to the extent of Society's investment in interest-bearing assets. The Society is not exposed to interest rate risk as Society makes investments with fixed interest rate.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Society is not exposed to equity securities price risk.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party failed to discharge an obligation.

Credit risk of the Society arises mainly from advances, deposits and cash at banks. To reduce the exposure to credit risk the Society has developed an approval process whereby credit limits are applied.

(c) Liquidity risk

Liquidity risk represents the risk that the Society will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and bank balances.

The Society's liquidity management involves projecting cash flows and maintaining level of liquid assets necessary to meet these risks. The table below summarizes the maturity profile of the Society's financial liabilities.



BONDED LABOUR LIBERATION FRONT PAKISTAN

(A society registered under the Societies Registration Act XLV of 1965)

Notes to the financial statements
For the year ended June 30, 2015



As June 30, 2015				
	Within one year	More than 1 year and upto 5 years	More than 5 years	Total
Liabilities				
Creditors, Accrued & Other liabilities	35,000	-	-	35,000
Total	35,000	-	-	35,000

As December 31, 2014				
	Within one year	More than 1 year and upto 5 years	More than 5 years	Total
Liabilities				
Creditors, Accrued & Other liabilities	82,920	-	-	82,920
Total	82,920	-	-	82,920

12 Date of authorization for issue

These financial statements are authorized for issuance by the Board of Directors of the Society on October 9, 2015

13 General

- 13.1 Figures have been rounded off to the nearest of rupees.
- 13.2 Corresponding figures have been restated/re-arranged, where ever necessary, for better presentation.



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GENERAL SECRETARY

CHAIRPERSON