

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, 2016 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 nor 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, 2016 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)).

TALIB HUSSAIN & CO.
CHARTERED ACCOUNTANTS

Engagement Partner: Talib Hussain, FCA

Lahore

December 26, 2016

BONDED LABOUR LIBERATION FRONT PAKISTAN

(A society registered under the Societies Registration Act XXI of 1860)

Balance Sheet

As at June 30, 2016



| | Note | 2016 | | | 2015 |
|------------------------------------|------|------------------------|----------------------|------------------|------------------|
| | | Rupees Unrestricted | Rupees Restricted | Rupees Total | Rupees Total |
| Assets | | | | | |
| Non-current | | | | | |
| Operating fixed assets | 4 | 1,808,066 | - | 1,808,066 | 3,071,766 |
| Non-current assets | | 1,808,066 | | 1,808,066 | 3,071,766 |
| Current | | | | | |
| Advances, deposits and Prepayments | 5 | 50,000 | - | 50,000 | 32,885 |
| Cash and bank balances | 6 | 205,275 | - | 205,275 | 222,484 |
| Current assets | | 255,275 | | 255,275 | 255,369 |
| Total assets | | 2,063,341 | | 2,063,341 | 3,327,135 |
| Represented By: | | | | | |
| Surplus Brought Forward | | 3,221,635 | - | 3,221,635 | 3,630,441 |
| Surplus / (Deficit) for the Year | | (1,258,294) | - | (1,258,294) | (408,806) |
| | | 1,963,341 | | 1,963,341 | 3,221,635 |
| Liabilities | | | | | |
| Long Term Liabilities | | | | | |
| Due to Members | | - | - | - | 70,500 |
| Current Liabilities | | | | | |
| Accrued expenses | 7 | 100,000 | - | 100,000 | 35,000 |
| Current liabilities | | 100,000 | - | 100,000 | 35,000 |
| Total liabilities | | 100,000 | | 100,000 | 105,500 |
| Total fund and liabilities | | 2,063,341 | | 2,063,341 | 3,327,135 |

Contingencies and commitments

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



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GENERAL SECRETARY

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PRESIDENT

BONDED LABOUR LIBERATION FRONT PAKISTAN*(A society registered under the Societies Registration Act XXI of 1860)***Income and expenditure account****For the year ended June 30, 2016**

| Note | 2016 | | | 2015 |
|-------------------------------|------------------------|----------------------|------------------|------------------|
| | Rupees Unrestricted | Rupees Restricted | Rupees Total | Rupees Total |
| INCOME | | | | |
| Funds from Members | - | - | - | - |
| Funds From Action Aid | - | - | - | 2,150,103 |
| Funds From FES Islamabad | - | 844,580 | 844,580 | 2,243,400 |
| Funds From OLF Palme | - | - | - | 598,638 |
| Donations / Grants / Receipts | 3,954,657 | - | 3,954,657 | - |
| Bank Profit | 2,416,181 | - | 2,416,181 | 19,846 |
| Total | 6,370,838 | 844,580 | 7,215,418 | 5,011,987 |

EXPENDITURE

| | | | | |
|---------------------------------------|--------------------|----------------|--------------------|------------------|
| Donation & Rehabilitation Charges | 38,195 | - | 38,195 | - |
| Medical Aid | 32,109 | - | 32,109 | 10,257 |
| Seminar & Other Occasions | 6,700 | 844,580 | 851,280 | 1,104,010 |
| Staff Salaries & Benefits | 2,340,696 | - | 2,340,696 | 2,445,000 |
| Utilities(E,G, W) | 89,933 | - | 89,933 | 156,064 |
| Communication | 55,713 | - | 55,713 | 25,439 |
| Rent | 62,000 | - | 62,000 | 216,000 |
| Repairs & Maintaince | 969,342 | - | 969,342 | 20,485 |
| Travelling & Conveyance | 242,055 | - | 242,055 | 227,678 |
| Advertisement | 1,900 | - | 1,900 | 6,720 |
| Legal & Professional | 1,663,233 | - | 1,663,233 | 855,000 |
| Printing & Stationary | 38,274 | - | 38,274 | 102,437 |
| Depreciation | 151,720 | - | 151,720 | 161,672 |
| Postage & Courier | 26,464 | - | 26,464 | - |
| Entertainment | 79,656 | - | 79,656 | - |
| Audit Fee | 100,000 | - | 100,000 | - |
| Press Conference | 24,000 | - | 24,000 | - |
| Wh. Tax | 248,290 | - | 248,290 | - |
| Loss on assets scraped | 1,222,980 | - | 1,222,980 | - |
| Bank Charges | 9,550 | - | 9,550 | - |
| Others | 226,322 | - | 226,322 | 90,031 |
| Total | 7,629,132 | 844,580 | 8,473,712 | 5,420,793 |
| PROFIT/ (Deficit) FOR THE YEAR | (1,258,294) | - | (1,258,294) | (408,806) |

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

BONDED LABOUR LIBERATION FRONT PAKISTAN*(A society registered under the Societies Registration Act XXI of 1860)***Cash flow statement****For the year ended June 30, 2016**

| | Note | 2016 Rupees | 2015 Rupees |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit /(Deficit) for the year | | (1,258,294) | (408,806) |
| Adjustments for non-cash items: | | | |
| Depreciation | | 151,720 | 161,672 |
| Grant amortized during the year | | - | - |
| (Gain) / Loss on disposal of fixed assets | | 1,222,980 | - |
| | | 1,374,700 | 161,672 |
| Operating cash flows before working capital change | | 116,406 | (247,134) |
| Changes in working capital | | | |
| Change in advances, deposits, prepayments and other receivables | | (17,115) | 1,161,381 |
| Change in accrued expenses | | - | (63,920) |
| Change in payables | | (5,500) | - |
| Operating cash flow after working capital changes | | (22,615) | 1,097,461 |
| Net cash used in operating activities | | 93,791 | 850,327 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Addition in operating fixed assets - unrestricted | | (1,346,000) | (934,116) |
| Addition in operating fixed assets - restricted | | - | - |
| Proceeds from sale of operating fixed assets | | 1,235,000 | - |
| Net cash from investing activities | | (111,000) | (934,116) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Grants received | | - | - |
| Net cash from financing activities | | - | - |
| Net change in cash and cash equivalents during the year | | (17,209) | (83,789) |
| Cash and cash equivalents at the beginning of the year | | 222,484 | 306,273 |
| Cash and cash equivalents at the end of the year | | 205,275 | 222,484 |

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


 GENERAL SECRETARY




 PRESIDENT

BONDED LABOUR LIBERATION FRONT PAKISTAN*(A society registered under the Societies Registration Act XXI of 1860)***Statement of changes in funds****For the year ended June 30, 2016**

| | Unrestricted Funds Rupees | Restricted Funds Rupees | Total Funds Rupees |
|------------------------------------|---------------------------------|----------------------------|--------------------------|
| Balance as on January 01, 2015 | 3,630,441 | | 3,630,441 |
| Grants received during the year | | | - |
| Grants amortized during the year | - | | - |
| Profit/(Deficit) for the year | (1,237,194) | 828,388 | (408,806) |
| Balance as on June, 2015 | 2,393,247 | 828,388 | 3,221,635 |
| Grants received during the year | - | | - |
| Grants amortized during the year | - | | - |
| Profit/(Deficit) for the year | (1,258,294) | - | (1,258,294) |
| Balance as on June 30, 2016 | 1,134,953 | 828,388 | 1,963,341 |

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

**GENERAL SECRETARY****PRESIDENT**

Notes to the financial statements

For the year ended June 30, 2016



1 Legal status and activities

Bonded Labour Liberation Front Pakistan was incorporated on 9th December 1990 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, 1860.

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 otherwise 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.



Notes to the financial statements

For the year ended June 30, 2016



3.2 Impairment

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 wherever 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. Irrecoverable 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 difference 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.



At July 01, 2015

| | Vehicles | Office Equipment | Furniture and Fixtures | Electronic Equipments | Total |
|--------------------------|----------|------------------|------------------------|-----------------------|-------------|
| 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 |

Movement during the year

| | | | | | |
|------------------------|-----------|-----------|-----------|---------|-----------|
| Additions - cost | 1,285,000 | - | - | 61,000 | 1,346,000 |
| Disposals / transfers | | | | | |
| Cost | 1,200,000 | 1,274,320 | 511,246 | - | 2,985,566 |
| Depreciation | - | (424,245) | (103,341) | - | (527,586) |
| | 1,200,000 | 850,075 | 407,905 | - | 2,457,980 |
| Depreciation | (17,000) | (106,950) | (21,670) | (6,100) | (151,720) |
| Impairment | | | | | |
| Closing net book value | 68,000 | 1,386,798 | 298,368 | 54,900 | 1,808,066 |

As at June 30, 2016

| | | | | | |
|--------------------------|----------|-----------|-----------|---------|-----------|
| Cost | 85,000 | 1,986,523 | 495,690 | 61,000 | 2,628,213 |
| Accumulated depreciation | (17,000) | (599,725) | (197,322) | (6,100) | (820,147) |
| Net book value | 68,000 | 1,386,798 | 298,368 | 54,900 | 1,808,066 |
| Depreciation rates (%) | 20% | 10% | 10% | 10% | |

| Office equipment | Furniture and fixtures | Electronic Equipments | 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 | 345,469 | - | 934,116 |
| Disposals / transfers | | | | |
| Cost | - | - | - | - |
| Depreciation | - | - | - | - |
| Depreciation charge for the year | (123,359) | (38,313) | - | (161,672) |
| 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% | | |



BONDED LABOUR LIBERATION FRONT PAKISTAN

(A society registered under the Societies Registration Act XXI of 1860)

Notes to the financial statements

For the year ended June 30, 2016



| | Note | 2016 | | | 2015 |
|---|------|------------------------|----------------------|------------------|------------------|
| | | Rupees Unrestricted | Rupees Restricted | Rupees Total | Rupees Total |
| 5 Advances, deposits and Prepayments | | | | | |
| Staff Advances | | - | - | - | 23,450 |
| Receivables | | - | - | - | - |
| Other advances | | 50,000 | - | 50,000 | 9,435 |
| Total | | 50,000 | - | 50,000 | 32,885 |
| 6 Cash & bank balances | | | | | |
| Cash in hand | | 22,490 | - | 22,490 | 22,816 |
| Cash at bank (Current Accounts) | | 20,062 | - | 20,062 | 75,777 |
| Cash at bank (Deposit Accounts) | | 162,723 | - | 162,723 | 123,891 |
| | | 182,785 | - | 182,785 | 199,668 |
| Total | | 205,275 | - | 205,275 | 222,484 |
| 7 Creditors, Accrued & Other Liabilities | | | | | |
| Accrued Expenses | | - | - | - | - |
| Others | | 100,000 | - | 100,000 | 35,000 |
| Total | | 100,000 | - | 100,000 | 35,000 |
| 8 Contingencies and commitments | | | | | |
| Contingencies and commitment at the balance sheet date were Rs. Nil (2015: Rs. Nil) | | | | | |
| 9 Income | | | | | |
| Funds from Members | | - | - | - | - |
| Funds From Action Aid | | - | - | - | 2,150,103 |
| Funds From FES Islamabad | | - | 844,580 | 844,580 | 2,243,400 |
| Funds From OLF Palme | | - | - | - | 598,638 |
| Donations / Grants / Receipts | | 3,954,657 | - | 3,954,657 | - |
| Bank Profit | | 2,416,181 | - | 2,416,181 | 19,846 |
| Total | | 6,370,838 | 844,580 | 7,215,418 | 5,011,987 |

*Humans of New York Indigo Launched a campaign " Help Fatima to end Bonded labour" Which sent Rs.234,386,260/- to Ghulam Fatima through BLLF. The said amount is duly transferred to Ghulam Fatima.

10 Taxation

No provision for taxation has been made in the financial statements since income of the Society being non-profit organization registered under the Societies Registration Act XXI of 1860 is exempt from tax under Income Tax Ordinance, 2001.



Notes to the financial statements

For the year ended June 30, 2016



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 has investment 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 summaries the maturity profile of the Society's financial liabilities.



Notes to the financial statements

For the year ended June 30, 2016



| | As June 30, 2016 | | | |
|--------------------|------------------|-----------------------------------|-------------------|----------------|
| | Within one year | More than 1 year and upto 5 years | More than 5 years | Total |
| Liabilities | | | | |
| Accrued expenses | 100,000 | - | - | 100,000 |
| Total | 100,000 | - | - | 100,000 |

| | As June 30, 2015 | | | |
|--------------------|------------------|-----------------------------------|-------------------|---------------|
| | Within one year | More than 1 year and upto 5 years | More than 5 years | Total |
| Liabilities | | | | |
| Accrued expenses | 35,000 | - | - | 35,000 |
| Total | 35,000 | - | - | 35,000 |

12 Date of authorization for issue

These financial statements are authorized for issuance by the Board of Directors of the Society on 26 December, 2016.

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.



 GENERAL SECRETARY





 PRESIDENT