



KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

AUDITORS' REPORT TO THE TRUSTEES

We have audited the annexed balance sheet of Human Appeal International ("HAI") as at 30 June 2014 and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in accumulated surplus together with the notes forming part thereof (here-in-after referred to as the financial statements).

It is the responsibility of the trustees 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 the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 Human Appeal International as at 30 June 2014 and its surplus, cash flow and statement of changes in accumulated surplus for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Islamabad
31 December 2014

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

**HUMAN APPEAL INTERNATIONAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2014**

**HUMAN APPEAL INTERNATIONAL
BALANCE SHEET
AS AT 30 JUNE 2014**

	Note	2014 Rupees	2013 Rupees
NON CURRENT ASSETS			
Property and equipment	4	31,803,508	33,182,963
Intangible assets	5	346,296	126,544
		<u>32,149,804</u>	<u>33,309,507</u>
CURRENT ASSETS			
Advances	6	3,381,800	32,749
Deposits and short term prepayments	7	196,625	185,902
Other receivable		150,000	4,100
Advance tax	8	1,841,935	2,008,996
Other financial assets	9	24,605,692	50,438,298
Cash and bank balances	10	34,524,380	1,357,391
		<u>64,700,433</u>	<u>54,027,436</u>
CURRENT LIABILITIES			
Trade and other payables	11	(1,731,048)	(3,194,357)
		<u>62,969,385</u>	<u>50,833,079</u>
NET CURRENT ASSETS			
NON CURRENT LIABILITIES			
Restricted grant	12	(54,501,345)	(47,366,908)
Deferred capital grant	13	(32,149,804)	(33,309,507)
		<u>8,468,040</u>	<u>3,466,171</u>
NET ASSETS			
REPRESENTED BY:			
Trust fund		35,000	35,000
Accumulated surplus		8,433,040	3,431,171
		<u>8,468,040</u>	<u>3,466,171</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 24 form an integral part of these financial statements.



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**HUMAN APPEAL INTERNATIONAL
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 Rupees	2013 Rupees
INCOME			
Grant	15	82,396,323	73,136,056
Amortisation of deferred capital grant	13	2,332,956	3,480,406
Other income	16	5,872,369	1,836,956
		<u>90,601,648</u>	<u>78,453,418</u>
EXPENSES			
Programme expenses	17	(70,062,471)	(64,188,356)
Administrative expenses	18	(14,666,808)	(11,394,920)
Finance cost		(20,500)	(1,783)
		<u>(84,749,779)</u>	<u>(75,585,058)</u>
Surplus before taxation		5,851,869	2,868,360
Taxation	19	(850,000)	-
Surplus for the year		<u>5,001,869</u>	<u>2,868,360</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


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**HUMAN APPEAL INTERNATIONAL
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	2014 Rupees	2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus before taxation	5,851,869	2,868,360
<i>Adjustment for:</i>		
Depreciation	2,285,358	2,414,325
Amortization	47,598	22,331
Interest income including interest on term deposit receipts	(5,866,728)	(938,298)
Restricted grant	(82,396,323)	(73,136,056)
Amortization of deferred capital grant	(2,332,956)	(3,480,406)
Loss on disposal of property and equipment	-	10,563
Provision for staff provident fund	-	1,069,062
	<u>(82,411,182)</u>	<u>(71,170,119)</u>
(Increase) / decrease in current assets		
Advances	(3,349,051)	1,550,760
Deposits and short term prepayments	(10,723)	(125,602)
Other receivable	(145,900)	1,247
	<u>(3,505,674)</u>	<u>1,426,405</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(1,463,309)	9,520
Net cash used in operations	<u>(87,380,166)</u>	<u>(69,734,194)</u>
Grant received	90,704,013	92,605,817
Provident fund paid	-	(120,496)
Tax paid	(682,939)	(1,892,359)
Net cash generated from operating activities	<u>2,640,908</u>	<u>20,858,768</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property and equipment	(905,903)	(3,142,593)
Additions in intangible asset	(267,350)	(148,875)
Interest received on bank deposits and term deposit receipts	4,199,334	-
Proceeds from disposal of property and equipment	-	1,033,187
Proceeds from realization of investments	72,000,000	-
Investment made during the year	(44,500,000)	(49,500,000)
Net cash generated from / (used in) investing activities	<u>30,526,081</u>	<u>(51,758,281)</u>
Net increase / (decrease) in cash and cash equivalents	<u>33,166,989</u>	<u>(30,899,513)</u>
Cash and cash equivalents at beginning of the year	<u>1,357,391</u>	<u>32,256,904</u>
Cash and cash equivalents at end of the year	<u>34,524,380</u>	<u>1,357,391</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


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