

**SOCIAL POLICY AND DEVELOPMENT CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

A.F. FERGUSON & CO.
*Chartered Accountants
a member firm of the PwC network*





The Board of Directors
Social Policy and Development Centre
Aman Tower, IBA City Campus,
Karachi.

October 25, 2019
ASR 1048

Dear Board Members

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

We have completed the fieldwork for the audit of the financial statements of Social Policy and Development Centre (the Company) for the year ended June 30, 2019 and are pleased to enclose five copies of the draft financial statements prepared by the management, which have been initialed by us only for identification purposes, together with our draft audit report thereon. We shall be pleased to sign our audit report, in the present or amended form, after:

- a) the captioned financial statements, have been approved by the Board and signed by the Managing Director (Chief Executive) and two of the Directors authorized in this behalf;
- b) we have seen the Board's specific approval / confirmation in respect of:

	Rupees
- additions to property and equipment	410,816
- disposal of fully depreciated assets costing Rs. 182,140 for	33,000
- receivable written off	89,890
- all grants received / receivable during the year have been accounted for, aggregating	34,439,641
- liabilities written-back	4,316,482
- understanding provided by the management as more fully explained in paragraph 3.2 of this letter;	

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2. RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of independent auditors, in a usual examination of financial statements, are explained in the International Standard on Auditing 200 – ‘Overall Objectives of the Independent Auditor and Conduct of an Audit in accordance with the International Standards on Auditing’. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibilities for the preparation of financial statements is primarily that of the Company’s management in accordance with the applicable financial reporting framework, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error. The management’s responsibilities include to provide the auditor with (i) all information, such as records and documentation, and other matters that are relevant to the preparation and presentation of the financial statements; (ii) any additional information that the auditor may request from the management and, where appropriate, those charged with governance; and (iii) unrestricted access to those within the Company from whom the auditor determines it necessary to obtain audit evidence. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of account and records should not be relied upon to disclose all the errors or irregularities in relation to the enclosed financial statements.

3. MATTERS FOR THE ATTENTION OF THE BOARD

During the course of our audit we identified certain matters, which in our view, require the attention of the Board. These matters are summarized below.

3.1 ADOPTION OF NEW ACCOUNTING STANDARDS

The Company has adopted the following standards as more fully explained in note 4 to the enclosed financial statements, which have become applicable during the year:

- i) International Financial Reporting Standard 9 - ‘Financial Instruments’ (IFRS 9); and
- ii) International Financial Reporting Standard 15 ‘Revenue From Contracts With Customers’ (IFRS 15)

The management of the Company has applied IFRS 9 and IFRS 15 in accordance with the transitional requirements from the date of initial application of July 1, 2018 which has resulted in changes to its accounting policies. However, the application of the aforementioned standards did not have a material impact on the enclosed financial statements.

3.2 GOING CONCERN

The Board of Directors of the Company in their meeting dated April 6, 2019 had resolved to explore and if found feasible, establish an affiliatory relationship with Institute of Business Administration (IBA), Karachi and further if required arrange for special meetings of the Board of and General Body to authorise voluntary liquidation/dissoluiton of the Company.

In this respect, we have been given to understand by the management, that no arrangement has been reached with IBA as yet and such no decision is being contemplated with respect to Company’s liquidation. Further, the Company is in the process of securing new contracts with various donors, based on which the Company is expected to generate enough liquidity/surplus in ensuring years. Accordingly, there is no material uncertainty with respect to Company’s ability to continue as going concern.

We would like the Board to confirm the aforementioned understanding provided to us by the Company’s management.



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4. We have been advised by the Company's management as follows:
 - there are no contingencies and commitments and transactions and balances with associated undertakings and related parties other than those disclosed in the enclosed financial statements; and
 - no cases of frauds or errors has been brought to their knowledge during the year which could have a material effect on the enclosed financial statements.
5. As required by International Standards on Auditing, we wish to communicate that the draft representation letter provided to the management (copy to be obtained from the Chief Financial Officer) contains certain written representations being sought from them in respect of the enclosed financial statements of the Company.
6. We would like to inform to the Board that unless we have signed the auditor's report on the enclosed financial statements, the same shall remain and be deemed unaudited.

We would like to place on record our appreciation of the co-operation and courtesy extended to us by the Company's management and concerned staff during the course of the audit.

Yours truly

A handwritten signature in black ink, appearing to be "Atgum", followed by a horizontal line extending to the right.

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INDEPENDENT AUDITOR'S REPORT

To the members of Social Policy and Development Centre

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Social Policy and Development Centre (the Company), which comprise the statement of financial position as at June 30, 2019, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the deficit and other comprehensive income, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as 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 Company's ability to continue as a 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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company'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 a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company'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 Company to cease to continue as a 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 presentation.

We communicate with the Board of Directors 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.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Osama Kapadia.




**A. F. Ferguson & Co.
Chartered Accountants
Karachi**


Date: November 7, 2019

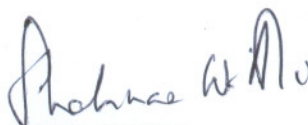
SOCIAL POLICY AND DEVELOPMENT CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Notes	2019 -----Rupees-----	2018
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,934,129	2,403,026
Intangible assets	6	47,406	97,462
Long-term deposits and prepayments		185,000	1,712,678
		<u>2,166,535</u>	<u>4,213,166</u>
Current Assets			
Advances, deposits, prepayments and other receivables	7	9,154,129	18,353,174
Short term investments	8	-	21,182,247
Cash and bank balances	9	14,897,147	6,094,032
		<u>24,051,276</u>	<u>45,629,453</u>
TOTAL ASSETS		<u><u>26,217,811</u></u>	<u><u>49,842,619</u></u>
FUND			
Accumulated fund		15,765,339	21,491,255
LIABILITIES			
Non-Current Liabilities			
Deferred capital grant	10	260,738	213,956
Current Liabilities			
Deferred income	11	2,947,635	5,266,547
Trade and other payables	12	7,244,099	22,870,861
		10,191,734	28,137,408
Contingencies And Commitments	13		
		<u><u>26,217,811</u></u>	<u><u>49,842,619</u></u>

The annexed notes 1 to 23 form an integral part of these financial statements.


MANAGING DIRECTOR


DIRECTOR


DIRECTOR

**SOCIAL POLICY AND DEVELOPMENT CENTRE
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Notes	2019 -----Rupees-----	2018 -----Rupees-----
Income			
Deferred capital grant utilized	10	364,034	1,784,202
Grants utilized		36,347,737	52,149,870
Other project revenue		4,848,969	5,967,313
Other income	14	7,552,728	3,708,074
		<u>49,113,468</u>	<u>63,609,459</u>
Expenditure			
Research and advocacy cost	15	(48,488,138)	(62,630,120)
Administrative expenses	16	(6,351,246)	(6,438,133)
		<u>(54,839,384)</u>	<u>(69,068,253)</u>
Deficit for the year		<u>(5,725,916)</u>	<u>(5,458,794)</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

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MANAGING DIRECTOR

Pervaiz Tabir

DIRECTOR

Shehraz W. Ali

DIRECTOR

SOCIAL POLICY AND DEVELOPMENT CENTRE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	-----Rupees-----	
Deficit for the year	(5,725,916)	(5,458,794)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(5,725,916)</u>	<u>(5,458,794)</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

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MANAGING DIRECTOR

Perry Talwar

DIRECTOR

Shahnaaz W. M. I.

DIRECTOR

**SOCIAL POLICY AND DEVELOPMENT CENTRE
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	-----Rupees-----	
	Accumulated fund (Revenue reserve)	
Balance at the beginning of the year	21,491,255	26,950,049
Deficit for the year	(5,725,916)	(5,458,794)
Other comprehensive income for the year	-	-
	(5,725,916)	(5,458,794)
Balance as at end of the year	15,765,339	21,491,255

The annexed notes 1 to 23 form an integral part of these financial statements.

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MANAGING DIRECTOR

Pervaiz Talwar

DIRECTOR

Shehnaaz Wani

DIRECTOR

**SOCIAL POLICY AND DEVELOPMENT CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Notes	2019 -----Rupees-----	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(5,725,916)	(5,458,794)
Adjustment for non-cash and other items:			
- Depreciation	5	879,713	921,274
- Amortization	6	50,056	50,056
- Deferred capital grant utilized	10	(364,034)	(1,784,202)
- Gain on disposal of plant and equipment		(33,000)	(812,658)
- Interest on investments		(842,667)	(1,550,623)
- Exchange gain		(1,727,113)	-
Working capital changes		(7,762,961)	(8,634,947)
Decrease in advances, deposits, prepayments and other receivable		40,616	14,500
Decrease in long term deposits		1,527,678	302,822
		1,568,294	317,322
(Decrease) / Increase in trade and other payables		(15,626,762)	10,642,286
Net cash (used in) / generated from operating activities		(21,821,429)	2,324,661
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(410,816)	(729,299)
Sale proceed from disposal of fixed assets		33,000	958,221
Investments encashed during the year - net		20,000,000	8,500,000
Income received on investments		2,024,914	1,806,610
Net cash generated from investing activities		21,647,098	10,535,532
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received		43,954,337	42,005,692
Grants utilized		(36,347,737)	(52,149,870)
Net cash generated from / (utilized in) financing activities		7,606,600	(10,144,178)
Net increase in cash and cash equivalents		7,432,269	2,716,015
Net foreign exchange differences		1,370,846	-
Cash and cash equivalents at beginning of the year		6,094,032	3,378,017
Cash and cash equivalents at end of the year		14,897,147	6,094,032

The annexed notes 1 to 23 form an integral part of these financial statements.

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MANAGING DIRECTOR

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DIRECTOR

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DIRECTOR

**SOCIAL POLICY AND DEVELOPMENT CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. LEGAL STATUS AND OPERATIONS

1.1 Social Policy and Development Centre (the Company) was incorporated in Pakistan in May, 1995 as a public company limited by guarantee not having share capital. The Company has been granted license under Section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) as non-profit Company. The registered office of the Company was situated at C-99, KDA 1, however subsequent to year end the Company has shifted its registered office to Aman Tower, IBA City Campus, Karachi.

1.2 The main objects of the Company are to support the process of meeting basic human needs consistent with national goals of social development and to develop the capacity of public and private sector institutions and non-governmental organizations to plan, design, finance and execute social sector programmes.

The core activities of the Company are being funded through grant received from University of Illinois, Chicago (UIC) for tobacco tax research and dissemination of research findings to the public and the policy makers in Pakistan. The contract entered into on February 1, 2018 and concluded on December 31, 2018, however, it has been renewed till December 31, 2020.

1.3 The business units of the Company include the following:

Business Units	Geographical Location
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Head Office	Aman Tower, IBA City Campus, Karachi.
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Islamabad office	209, 2nd Floor, Emirates Tower, F-7 Markaz, Islamabad.
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2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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2.2 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates, assumptions 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 Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a risk of causing adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

2.3.1 Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation of property, plant and equipment on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

2.4 Initial application of standards, amendments to approved accounting and reporting standards and interpretations

a) Standards, amendments to approved accounting and reporting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2018

The following new standards are mandatory for the financial year beginning July 1, 2018 and are relevant to the Company:

- IFRS 9 'Financial instruments' (effective for reporting periods ending on or after June 30, 2019) - IFRS 9 replaces the guidance in IAS 39 'Financial instruments: recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' (effective for reporting periods beginning on or after July 1, 2018) - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue when the control of goods or services have been transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of changes laid down by these standards have been disclosed in note 4.

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There are certain amendments to approved accounting and reporting standards and interpretations which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these are considered not to be relevant or to have any significant effect on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

b) Standards, amendments to approved accounting and reporting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2019

The following new standard is effective for accounting period beginning on or after July 1, 2019 and has not been early adopted by the Company.

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.

Additionally there are certain new standards, amendments to approved accounting and reporting standards and interpretations that will be mandatory for the Company's annual accounting period beginning on or after July 1, 2019. However, these are considered not to be relevant or to have any significant effect on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any.

Depreciation on an asset is charged to income and expenditure statement applying the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 5 to the financial statements. Depreciation on additions is charged from the month of addition, whereas no depreciation is charged in the month of disposal.

Gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset, is recognised in income and expenditure statement.

Repairs and maintenance are charged to income and expenditure statement as and when incurred.

3.2 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset, will flow to the Company and the cost of the asset can also be measured reliably.

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Generally, costs associated with maintaining computer software are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related employee and other overhead cost. Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Computer software cost treated as intangible asset is amortized from the month the software is put to use on straight-line basis over a period of 3 years. The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount in income and expenditure statement. Reversal of impairment losses are also recognised in income and expenditure statement.

3.3 Financial assets and financial liabilities

3.3.1 Financial assets

Classification

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The measurement basis is determined by reference to both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Amortised cost

Financial asset is measured at amortised cost where asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) At fair value through other comprehensive income

Financial asset is measured at fair value through other comprehensive income where assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) At fair value through profit or loss

Financial assets, that are not measured at amortised cost or at fair value through other comprehensive income on initial recognition, are classified as fair value through profit or loss.

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All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in income and expenditure statement. Financial assets carried at FVTOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income / (loss). Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income and expenditure statement. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the income and expenditure statement in the period in which they arise. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the income and expenditure statement.

Impairment of financial assets

For financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

3.3.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the income and expenditure statement.

3.3.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.4 Advances, deposits and other receivables

Advances are stated initially at cost and subsequently measured at amortized cost using the effective interest rate method less provision for impairment, if any. Advances and receivables are written off when considered irrecoverable.

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3.5 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise of cash in hand, balances with bank and short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.6 Unrestricted contribution

Revenue generated by the organization through contract research receipts and other resources such as sale of annual review are classified as unrestricted contribution / income. These are recognised in income and expenditure statement.

3.7 Restricted contribution

Funds received directly as grants for specific purpose, are classified as restricted contribution. Funds utilized for the purpose of capital items from grants are shown in the statement of financial position as deferred capital grant and a portion of the grant is recognised as income to match the depreciation and amortization provided during the year on the capital items. Grants utilized for operations are taken to income and expenditure statement to the extent of related expenses incurred. Committed grant is accrued in cases where it is probable that the economic benefits of such grant will flow to the Company.

3.8 Trade and other payables

These are stated initially at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company and are subsequently measured at amortized cost using the effective interest method.

3.9 Provident Fund – approved contribution fund

The Company operates an approved provident fund for all its eligible employees. Equal contribution is made by both the Company and the employees at the rate of 8.33% of gross salary.

3.10 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

3.11 Revenue Recognition

- Revenue from contract research receipts and other resources is recognised when services are rendered and the performance obligations are fulfilled.
- Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.
- Income in respect of restricted contribution is recognized as and when the related expenses are incurred for those projects, and equivalent amount is transferred from deferred income to the income and expenditure statement.
- Deferred capital grant is recognized as income to match depreciation and amortization provided during the year on the related capital assets.

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3.12 Taxation

Under section 100(C) of Income Tax Ordinance, 2001, the Company is allowed a tax credit equal to one hundred percent of the tax payable including minimum tax and final taxes payable under any of the provisions thereof.

3.13 Foreign currency transactions

Transactions in foreign currencies are translated into Pakistan rupees using exchange rates prevailing at the dates of transactions. Foreign exchange gains or losses resulting from settlement of transactions and from translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure

3.14 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency.

4. CHANGES IN ACCOUNTING POLICIES

The Company has applied the following standards for the first time for its annual reporting period commencing July 1, 2018.

4.1 IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from July 1, 2018 by the Company has resulted in change in accounting policies. The Company has applied IFRS 9 retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", however, it has elected not to restate comparative information as permitted under the transitional provisions of the standard. The reclassifications and the adjustments arising from the new impairment rules are, therefore, not reflected in the statement of financial position as at June 30, 2018 and furthermore have not been recognised in the opening statement of financial position as on July 1, 2018 as the effects were not material.

Furthermore, on July 1, 2018, the management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from the reclassification as at that date are as follows:

Particulars	AS AT JULY 1, 2018				
	Classification & measurement category		Carrying amount		
	Original (under IAS 39)	New (Under IFRS 9)	Original (under IAS 39)	New (Under IFRS 9)	Difference
-----Rupees-----					
Financial assets					
Short term investment	Held to maturity	At amortised cost	21,182,247	21,182,247	-
Advances and other receivables	Loans and receivables	At amortised cost	17,243,824	17,243,824	-
Cash and bank balances	Loans and receivables	At amortised cost	6,094,032	6,094,032	-
Deposits	Loans and receivables	At amortised cost	1,692,717	1,692,717	-
Financial liabilities					
Trade and other payables	At amortised cost	At amortised cost	22,289,825	22,289,825	-

ASD

No material effects were noted in prior year figures as a result of applying the new expected credit loss model on adoption of IFRS 9. The reclassifications of the financial instruments also did not result in any changes to measurements. Hence, there was no restatement of opening balances and reserves. Furthermore, there is no impact on the income and expenditure statement and other comprehensive income, statement of changes in fund and statement of cash flows.

4.2 IFRS 15 - Revenue From Contracts With Customers

The company has adopted IFRS 15 - Revenue from Contracts with Customers from July 1, 2018. IFRS 15 replaced IAS 18 - Revenue, IAS 11 - Construction Contracts and the related interpretations. According to IFRS 15, revenue is recognized, when control of goods or services has been transferred to the customers, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five step model that will apply to revenue earned from a contract with a customer. IFRS 15 allows for two methods of adoption:

- retrospectively to each prior period presented with or without practical expedients, or
- retrospectively with cumulative effect of adoption as an adjustment to opening retained earnings in the period of adoption.

The Company has evaluated the impact of the new revenue standard and has concluded that there is no material adjustment that needs to be given effect in these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixture	Motor vehicles	Office equipments	Computer	Books and Publications	Total
	Rupees					
As at June 30, 2017						
Cost	960,917	1,082,400	4,017,991	4,266,862	13,202,805	23,530,975
Accumulated depreciation	(833,620)	(597,918)	(2,197,789)	(4,001,897)	(13,159,187)	(20,790,411)
Net book value	<u>127,297</u>	<u>484,482</u>	<u>1,820,202</u>	<u>264,965</u>	<u>43,618</u>	<u>2,740,564</u>
Year ended June 30, 2018						
Opening net book value	127,297	484,482	1,820,202	264,965	43,618	2,740,564
Additions	-	605,500	123,799	-	-	729,299
Disposals	-	-	-	-	-	-
Cost	-	(486,150)	(145,000)	-	-	(631,150)
Accumulated depreciation	-	388,920	96,667	-	-	485,587
Depreciation	(29,060)	(327,489)	(401,351)	(121,998)	(41,376)	(921,274)
Closing net book value	<u>98,237</u>	<u>665,263</u>	<u>1,494,317</u>	<u>142,967</u>	<u>2,242</u>	<u>2,403,026</u>
As at June 30, 2018						
Cost	960,917	1,201,750	3,996,790	4,266,862	13,202,805	23,629,124
Accumulated depreciation	(862,680)	(536,487)	(2,502,473)	(4,123,895)	(13,200,563)	(21,226,098)
Net book value	<u>98,237</u>	<u>665,263</u>	<u>1,494,317</u>	<u>142,967</u>	<u>2,242</u>	<u>2,403,026</u>
Year ended June 30, 2019						
Opening net book value	98,237	665,263	1,494,317	142,967	2,242	2,403,026
Additions	-	-	49,000	356,600	5,216	410,816
Disposals	-	-	-	-	-	-
Cost	-	-	(182,140)	-	-	(182,140)
Accumulated depreciation	-	-	182,140	-	-	182,140
Depreciation	(29,060)	(240,350)	(391,503)	(215,935)	(2,865)	(879,713)
Closing net book value	<u>69,177</u>	<u>424,913</u>	<u>1,151,814</u>	<u>283,632</u>	<u>4,593</u>	<u>1,934,129</u>
As at June 30, 2019						
Cost	960,917	1,201,750	3,863,650	4,623,462	13,208,021	23,857,800
Accumulated depreciation	(891,740)	(776,837)	(2,711,836)	(4,339,830)	(13,203,428)	(21,923,671)
Net book value	<u>69,177</u>	<u>424,913</u>	<u>1,151,814</u>	<u>283,632</u>	<u>4,593</u>	<u>1,934,129</u>
Annual rate of depreciation (%)	<u>10</u>	<u>20</u>	<u>10</u>	<u>35</u>	<u>25</u>	

ADDU

- 5.1 Property and equipment include assets costing Rs. 356,600 (2018: Rs. 1,218,498) having net book value of Rs. 260,738 (2018: Rs. 183,788) purchased under various grant agreements.

2019 2018
-----Rupees-----

6. INTANGIBLE ASSETS

Net carrying value

Balance at the beginning of the year	97,462	147,518
Less: Amortization charge during the year	(50,056)	(50,056)
Balance at the end of the year	47,406	97,462

Gross carrying value

Cost	1,977,682	1,977,682
Less: Accumulated amortization	(1,930,276)	(1,880,220)
Net book value	47,406	97,462

- 6.1 The cost is being amortized over a period of 3 years.

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES – unsecured, considered good

Advances to

- Employees	257,462	726,223
- Contractors	-	168,375
	257,462	894,598

Security deposits

	1,417,898	51,719
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Prepayments	221,717	889,256
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Other receivables (note 7.1)	7,257,052	16,517,601
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	8,896,667	17,458,576
	9,154,129	18,353,174

- 7.1 This includes grants receivable from various donors amounting to Rs.7,257,052 (2018: Rs.16,415,481).

2019 2018
-----Rupees-----

8. SHORT TERM INVESTMENTS – at amortised cost

Term deposit receipts	-	20,000,000
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Accrued interest on:

Term deposit receipts	-	1,182,247
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	-	21,182,247
	-	21,182,247

ADP

2019

2018

-----Rupees-----

9. CASH AND BANK BALANCES

Cash in hand	22,250	18,856
Cash at bank in:		
- Current accounts		
Foreign currency [US\$ 4,032 (2018: US\$ 3,155)]	645,415	381,807
Local currency	447,381	1,945,995
- Deposit accounts		
Foreign currency [US\$ 65,837 (2018: US\$ 30,836)]	10,537,382	3,731,180
Local currency (note 9.1)	3,244,719	16,194
	<u>14,874,897</u>	<u>6,075,176</u>
	<u>14,897,147</u>	<u>6,094,032</u>

9.1 These carry profit at the rate of 10.25% (2018: 4.5%) per annum.

2019

2018

-----Rupees-----

10. DEFERRED CAPITAL GRANT

Balance at the beginning of the year	213,956	1,998,158
Capital expenditure on operating assets transferred	410,816	-
Transfers to unrestricted assets (note 10.2)	<u>(174,510)</u>	<u>(1,679,466)</u>
	450,262	318,692
Depreciation for the year credited to income (note 15)	<u>(189,524)</u>	<u>(104,736)</u>
Balance at the end of the year	<u>260,738</u>	<u>213,956</u>

10.1 The Company utilizes grant received from various donor agencies for purchase of capital assets as per the grant agreement with respective donors.

10.2 The Company has transferred these assets to unrestricted assets upon maturity of grants from International Development Research Centre (IDRC).

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		2019	2018
		-----Rupees-----	
11.	DEFERRED INCOME		
11.1	Movement in deferred income balance is as follows:		
	Balance at the beginning of the year	5,266,547	8,440,467
	Add: Grant received / receivable during the year		
	- IDRC	-	1,324,855
	- TTI - 2	11,764,227	14,166,928
	- USAID	1,806,163	28,269,966
	- UIC	20,869,251	5,214,201
		34,439,641	48,975,950
	Less: Grants utilized		
	- IDRC	-	2,969,694
	- TTI - 2	14,028,924	15,696,009
	- USAID	1,806,163	28,269,966
	- UIC	20,512,650	5,214,201
	- Capital expenditure transferred to unrestricted fund	410,816	-
		36,758,553	52,149,870
	Balance at the end of the year	<u>2,947,635</u>	<u>5,266,547</u>
11.2	Balance at the end of the year comprise of:		
	- TTI - 2	<u>2,947,635</u>	<u>5,266,547</u>
		<u>2,947,635</u>	<u>5,266,547</u>
11.3	Contributions received on account of IDRC, TTI - 2, USAID and UIC are restricted for the purpose of expenditures as per respective grant agreements.		
		2019	2018
		-----Rupees-----	
12.	TRADE AND OTHER PAYABLES		
	Creditors	949,541	648,671
	Accrued liabilities	3,418,456	6,824,526
	Consultancy fee payable	23,999	12,150,174
	Honorarium payable	2,789,979	2,666,454
	Withholding tax payable	62,124	284,431
	Gratuity payable – Senior economist	-	296,605
		<u>7,244,099</u>	<u>22,870,861</u>
13.	CONTINGENCIES AND COMMITMENTS		
13.1	There are no contingencies and commitments as at the reporting date.		
		2019	2018
		-----Rupees-----	
14.	OTHER INCOME		
	From financial assets		
	Interest on investment	842,667	1,550,623
	Exchange gain	1,727,113	198,028
	Return on bank deposits	580,181	12,099
		<u>3,149,961</u>	<u>1,760,750</u>
	From other than financial assets		
	Liabilities written-back	4,316,482	1,100,000
	Gain on disposal of fixed assets	33,000	812,658
	Others	53,285	34,666
		<u>7,552,728</u>	<u>3,708,074</u>

15. RESEARCH AND ADVOCACY COST

	2019							2018							Total
	Unrestricted		Restricted			Total	Total	Unrestricted		Restricted			Total		
	Other projects	IDRC	TTI-II	USAID	UIC			Other projects	IDRC	TTI-II	USAID	UIC			
	Rupees														
Salaries and benefits 15.1	4,655,535	-	7,739,187	354,865	15,956,002	24,050,054	28,705,589	7,249,082	1,699,096	5,928,145	7,351,934	3,745,464	18,724,639	25,973,721	
Consultancy charges	1,257,167	-	1,557,000	896,313	-	2,453,313	3,710,480	1,886,167	-	2,006,500	15,493,463	70,000	17,569,963	19,456,130	
Data collection and survey cost	125,000	-	-	-	-	-	125,000	418,562	671,213	1,088,949	1,242,500	109,682	3,112,344	3,530,905	
Institutional support	881,360	-	299,868	-	-	299,868	1,181,228	422,726	5,373	964,869	30,690	334,897	955,829	1,378,555	
Communication	755,943	-	522,986	-	4,330	536,562	1,292,505	11,357	3,927	121,930	452,113	449,620	1,027,590	1,038,947	
Insurance	261,921	-	24,104	-	-	24,104	286,025	75,562	-	250,000	-	-	250,000	325,562	
Printing, stationary and publications	348,799	-	68,950	105,000	177,860	351,810	700,609	49,058	-	56,750	-	-	56,750	105,808	
Conference and seminar	1,596,561	-	803,297	387,052	3,169,333	4,359,682	5,956,243	48,053	261,741	252,150	3,335,278	174	3,849,343	3,897,396	
Rent	3,813,862	-	1,561,500	-	-	1,561,500	5,375,362	2,428,056	-	2,457,332	-	-	2,457,332	4,885,390	
Computer maintenance	53,150	-	50,025	-	907	50,932	104,082	-	-	-	132,250	-	132,250	132,250	
Professional fee	34,100	-	99,685	-	-	99,685	133,785	543,340	-	-	-	-	543,340	543,340	
Books and periodicals	37,303	-	27,461	-	-	27,461	64,764	-	-	45,480	-	-	45,480	45,480	
Depreciation (note 10)	189,524	-	-	-	-	-	189,524	855,369	-	-	-	-	-	855,369	
Amortization (note 6)	46,475	-	-	-	-	-	46,475	46,475	-	-	-	-	-	46,475	
Bank charges	3,993	-	18,378	-	-	18,378	22,371	35,145	-	-	-	-	-	35,145	
Receivable written off	89,890	-	-	-	-	-	89,890	-	-	-	-	-	-	-	
Others	487,206	-	17,000	-	-	17,000	504,206	344,646	-	35,000	-	-	35,000	379,646	
Total	14,637,789	-	12,769,441	1,772,476	19,308,432	33,850,349	48,488,138	14,413,600	2,641,350	12,827,105	28,038,228	4,709,837	48,216,520	62,630,120	

15.1 Salaries and benefits include Rs. 1,361,199 (2018: Rs. 1,318,897) in respect of staff provident fund.

16. ADMINISTRATIVE EXPENSES

	2019							2018							Total
	Unrestricted		Restricted			Total	Total	Unrestricted		Restricted			Total		
	Other projects	IDRC	TTI-II	USAID	UIC			Other projects	IDRC	TTI-II	USAID	UIC			
	Rupees														
Salaries and benefits 16.1	1,091,695	-	859,910	33,687	1,204,218	2,097,815	3,189,510	1,335,919	327,309	1,141,982	231,427	463,666	2,164,384	3,500,303	
Institutional support	97,929	-	33,318	-	-	33,318	131,247	61,818	1,035	84,176	311	40,698	126,220	188,038	
Rent	423,763	-	-	-	-	-	423,763	355,074	-	353,668	-	-	353,668	708,742	
Repair and maintenance	680,685	-	231,255	-	-	231,255	911,940	205,864	-	777,212	-	-	777,212	983,076	
Security services	412,488	-	135,000	-	-	135,000	547,488	35,622	-	511,866	-	-	511,866	547,488	
Depreciation (note 5)	690,189	-	-	-	-	-	690,189	65,905	-	-	-	-	-	65,905	
Amortization (note 6)	3,581	-	-	-	-	-	3,581	3,581	-	-	-	-	-	3,581	
Auditors remuneration 16.2	453,528	-	-	-	-	-	453,528	441,000	-	-	-	-	-	441,000	
Total	3,853,858	-	1,259,483	33,687	1,204,218	2,497,388	6,351,246	2,504,783	328,344	2,868,904	231,738	504,364	3,933,350	6,438,133	

16.1 Salaries and benefits include Rs. 340,300 (2018: Rs. 429,641) in respect of staff provident fund.

	2019	2018
	-----Rupees-----	
16.2 Auditors' remuneration		
Audit fee	375,000	375,000
Out of pocket expenses	78,528	66,000
	<u>453,528</u>	<u>441,000</u>

17. REMUNERATION OF MANAGING DIRECTOR , DIRECTORS AND EXECUTIVES

The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

	2019		2018	
	Managing Director	Executives	Managing Director	Executives
Managerial remuneration	3,469,488	5,460,841	2,686,625	3,284,959
Medical, housing and utilities	963,898	1,879,668	1,746,307	2,135,223
Reimbursable expenses	44,000	48,332	48,000	53,875
Retirement benefits	369,449	611,709	369,444	451,728
Honorarium	554,432	2,224,166	815,891	1,583,819
Other benefits	-	540,623	-	-
	<u>5,401,267</u>	<u>10,765,339</u>	<u>5,666,267</u>	<u>7,509,604</u>
Number, including those who worked part of the year	<u>1</u>	<u>3</u>	<u>1</u>	<u>2</u>

17.1 No remuneration has been paid to any of the 8 (2018: 11) Directors of the Company during the year.

18. TRANSACTIONS WITH RELATED PARTIES

18.1 Following are the associated companies, associated undertakings and related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year.

Name of party	Shareholding in the Company	Relationship
Professor Khalida Ghaus	N/A	Key management personnel
Provident fund	N/A	Post Employment Benefit
K-Electric Limited	N/A	Common Directorship

18.2 Details of transactions with the related parties during the year other than those disclosed elsewhere in the financial statements are as under:

		2019	2018
		-----Rupees-----	
Relationship	Nature of transactions		
Retirement benefit fund			
Provident fund	Contribution	<u>1,701,499</u>	<u>1,748,538</u>

18.3 There are no transactions with key management personnel (Managing Director) other than under the terms of employment as disclosed in note 17.

19. PROVIDENT FUND RELATED DISCLOSURES

19.1 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2019	2018
	-----Rupees-----	
20. FINANCIAL INSTRUMENTS BY CATEGORY		
20.1 Financial assets		
- Investments - At amortised cost		
Short term investment	-	21,182,247
- At amortised cost		
Advances and other receivables	7,514,514	17,243,824
Cash and bank balances	14,897,147	6,094,032
Deposits	1,602,898	1,692,717
	24,014,559	25,030,573
	<u>24,014,559</u>	<u>46,212,820</u>
20.2 Financial liabilities		
Trade and other payables	<u>7,181,975</u>	<u>22,289,825</u>
20.3 Fair values of financial assets and liabilities		

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Risk management is carried out by the Company's management under policies approved by the Board of Directors.

a) Market risk

i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

At June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, the deficit for the year would have been lower / higher by Rs. 559,140 (2018: Rs. 205,649).

ii) Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

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The Company's interest rate risk arises from bank saving accounts and investments. These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	2019	2018
	-----Rupees-----	
Variable rate instruments		
- Saving accounts	<u>13,782,101</u>	<u>3,747,374</u>

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the deficit for the year and accumulated fund balance by Rs.137,821 (2018: Rs. 37,474). This analysis assumes that all other variables remain constant.

Fixed rate instruments

- Investment in term deposit receipts	<u>-</u>	<u>20,000,000</u>
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Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect deficit of the Company.

iii) Other price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments 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 instruments traded in the market. The Company is not exposed to equity price risk as currently the Company has no investment in equity securities.

b) Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral.

Company's credit risk arises from deposits, receivable from employees and cash and bank balances. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. Carrying value of financial assets which are neither past due nor impaired are as follows:

	2019	2018
	-----Rupees-----	
Short term investment	-	21,182,247
Advances and other receivables	7,514,514	17,243,824
Deposits	1,602,898	1,692,717
Bank balances	<u>14,874,897</u>	<u>6,075,176</u>
	<u>23,992,309</u>	<u>46,193,964</u>

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The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks / Investments	Rating Agency	2019	
		Short term	Long term
Standard Chartered	PACRA	A1+	AAA
Khushhali Microfinance Bank	JCR-VIS	A-1	A+

c) Liquidity risk management

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities. The Company's liquidity management involves projecting cash flows and consider the level of liquid funds necessary to meet these. These objectives are achieved by maintaining sufficient cash and readily marketable securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2019			2018		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
-----Rupees-----						
Trade and other payables	7,181,975	-	7,181,975	22,289,825	-	22,289,825

In respect of above there were no liabilities with contractual maturity of more than three months.

	2019	2018
22. NUMBER OF EMPLOYEES		
Number of employees as at June 30	8	26
Average number of employees during the year	23	26

23. DATE OF AUTHORIZATION

These financial statements were authorised for issue on 29 OCT 2019 by the Board of Directors of the Company.

[Signature]

[Signature]
MANAGING DIRECTOR

[Signature]
DIRECTOR

[Signature]
DIRECTOR