

**SOCIAL POLICY AND DEVELOPMENT
CENTRE (SPDC)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022



Usmani & Co. Chartered Accountants

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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
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022**, and the income and expenditure statement, the statement of other comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and the 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 other 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, 2022**, and of the surplus 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 obtained at the date of this auditor's report is information included in the director's report but does not include the financial statements of the Company 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, on other information obtained prior to the date of this auditor's report, 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.



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 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 is 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 other 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) In our opinion 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 Hina Usmani.

USMANI & CO.
CHARTERED ACCOUNTANTS

KARACHI

UDIN: AR202210505HBVlpkmNx

DATE: 11 OCT 2022

SOCIAL POLICY AND DEVELOPMENT CENTRE

STATEMENT OF FINANCIAL POSITION

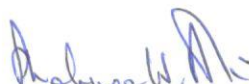
As at June 30, 2022

	<i>Notes</i>	2022 <i>Rupees</i>	2021 <i>Rupees</i>
ASSETS			
Non-Current Assets			
Property and equipment	4	271,243	210,821
Long-term deposits		185,000	185,000
		456,243	395,821
Current Assets			
Advances, deposits and prepayments	5	195,082	386,498
Accrued income and other receivables	6	14,102,425	5,006,870
Short-term investments	7	29,000,000	13,000,000
Cash and bank balances	8	2,856,825	2,273,457
		46,154,332	20,666,825
TOTAL ASSETS		<u>46,610,575</u>	<u>21,062,646</u>
FUND			
Accumulated fund		41,255,384	18,198,390
LIABILITIES			
Non-Current Liabilities			
Deferred capital grant	9	-	19,023
Current Liabilities			
Creditors, accrued and other liabilities	11	5,355,191	2,845,233
Contingencies and Commitments	12		
		<u>46,610,575</u>	<u>21,062,646</u>

The annexed notes 1 to 22 form an integral part of these financial statements.



MANAGING DIRECTOR



DIRECTOR



DIRECTOR

**SOCIAL POLICY AND DEVELOPMENT CENTRE
INCOME AND EXPENDITURE STATEMENT**

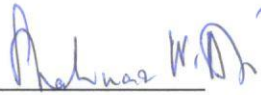
For the year ended June 30, 2022

	<i>Notes</i>	2022 <i>Rupees</i>	2021 <i>Rupees</i>
Income			
Deferred capital grant utilised	9	19,023	116,905
Grants utilised	10	36,536,763	13,379,142
Other project income		-	3,991,978
Other income	13	<u>28,774,265</u>	<u>7,733,596</u>
		65,330,051	25,221,621
Expenditure			
Research and advocacy costs	14	<u>(38,831,981)</u>	<u>(20,976,698)</u>
Administrative expenses	15	<u>(3,441,076)</u>	<u>(2,794,317)</u>
		(42,273,057)	(23,771,015)
Surplus for the year		<u><u>23,056,994</u></u>	<u><u>1,450,606</u></u>

The annexed notes 1 to 22 form an integral part of these financial statements.



MANAGING DIRECTOR



DIRECTOR



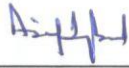
DIRECTOR

SOCIAL POLICY AND DEVELOPMENT CENTRE
STATEMENT OF OTHER COMPREHENSIVE INCOME

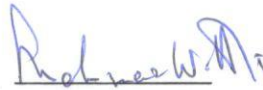
For the year ended June 30, 2022

	<u>2022</u>	<u>2021</u>
	<i>Rupees</i>	<i>Rupees</i>
Surplus for the year	23,056,994	1,450,606
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>23,056,994</u></u>	<u><u>1,450,606</u></u>

The annexed notes 1 to 22 form an integral part of these financial statements.



MANAGING DIRECTOR



DIRECTOR



DIRECTOR

SOCIAL POLICY AND DEVELOPMENT CENTRE

STATEMENT OF CHANGES IN FUND

For the year ended June 30, 2022

	2022 <i>Rupees</i>	2021 <i>Rupees</i>
	Accumulated fund (Revenue reserve)	
Balance at the beginning of the year	18,198,390	16,747,784
Surplus for the year	23,056,994	1,450,606
Other comprehensive income for the year	-	-
	23,056,994	1,450,606
Balance as at the end of the year	41,255,384	18,198,390

The annexed notes 1 to 22 form an integral part of these financial statements.

(Signature)

MANAGING DIRECTOR

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DIRECTOR

(Signature)

DIRECTOR

SOCIAL POLICY AND DEVELOPMENT CENTRE
STATEMENT OF CASH FLOWS
For the year ended June 30, 2022

	<i>Notes</i>	2022 <i>Rupees</i>	2021 <i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		23,056,994	1,450,606
Adjustment for non-cash and other items:			
Depreciation	4	161,578	222,196
Deferred capital grant utilised	9	(19,023)	(116,905)
Gain on disposal of property and equipment		(10,000)	(1,201,967)
Interest on short-term investment		(1,050,043)	(879,431)
Return on bank deposits		(67,246)	(66,134)
Exchange gain - net		(27,646,976)	(5,586,064)
		<u>(5,574,716)</u>	<u>(6,177,699)</u>
Working capital changes			
Decrease in advances, deposits and prepayments		191,416	92,430
Decrease in other receivables		162,999	-
		354,415	92,430
Increase / (Decrease) in trade and other payables		2,509,958	(1,028,599)
Net cash utilised in operating activities		<u>(2,710,343)</u>	<u>(7,113,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(222,000)	(82,000)
Sale proceeds from disposal of property and equipment		10,000	1,563,610
Investments made during the year - net		(16,000,000)	(3,600,000)
Income received on bank deposits		67,246	66,134
Income received on term deposit receipts		780,800	908,159
Net cash (utilised in) investing activities		<u>(15,363,954)</u>	<u>(1,144,097)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received		55,194,428	18,979,156
Grants utilised		(36,536,763)	(13,379,142)
Net cash generated from financing activities		<u>18,657,665</u>	<u>5,600,014</u>
Net increase / (decrease) in cash and cash equivalents		583,368	(2,657,951)
Cash and cash equivalents at beginning of the year		5,273,457	7,931,408
Cash and cash equivalents at end of the year	19	<u><u>5,856,825</u></u>	<u><u>5,273,457</u></u>

The annexed notes 1 to 22 form an integral part of these financial statements.



MANAGING DIRECTOR



DIRECTOR



DIRECTOR

SOCIAL POLICY AND DEVELOPMENT CENTRE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2022

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

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 a not-for-profit Company. The registered office of the Company is situated at Aman Tower, 'Institute of Business Administration' (IBA), City Campus, Karachi.

The Company's main objective is to contribute towards national economic and social development policies and programs in order to make them more accountable, pro-poor, engendered and equitable; through research, policy advice and advocacy.

1.2 Significant events during the year

During the year the Company has successfully secured substantial foreign/local funding equivalent to Rs. 64.1 million (2021: Rs. 22.8 million). The major business activities of the Company were funded through grants received from 'University of Illinois' (UIC), for research pertaining to taxation on tobacco and dissemination of the findings to the public and the policy makers in Pakistan. UIC is one of the oldest donors of the Company with established relationship since 2018 and with a practice of yearly contract extensions. Accordingly the existing contract which is expiring in December 2022 is also in the process of extension until December 2023. Discussions with other prospective donors for fresh funding are also at advanced stage. The Board of Directors is confident that this financial condition of the business will not pose any threat on the continuity of the business operations for the foreseeable future.

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:

- Accounting Standard for Not-for-Profit Organisations (Accounting Standard for NPOs) issued by the 'Institute of Chartered Accountants of Pakistan' (ICAP) 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 Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

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 judgments 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 and equipment

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

2.4 Amendments to published accounting and reporting standards which became effective during the year

There were certain amendments to the accounting and reporting standards which became mandatory for the Company during the year. However, the amendments did not have any significant impact on the financial reporting of the Company, therefore; have not been disclosed in these financial statements.

2.5 Amendments to published accounting and reporting standards that are not yet effective

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2022. However, these amendments will not have any significant impact on the financial reporting of the Company, therefore; have not been disclosed in these financial statements.

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SOCIAL POLICY AND DEVELOPMENT CENTRE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Non-current assets classified as 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 4 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.

Repair and maintenance is charged to income and expenditure statement as and when incurred.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.1.1 Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income and expenditure statement in the year the asset is derecognised.

3.2 Financial assets and financial liabilities

3.2.1 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 characteristics of contractual cash flows relating to it.

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 term gives rise, on specified date, 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 term of the financial asset gives rise, on specified date, 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.

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 / receivable is recognised in the income and expenditure statement.

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SOCIAL POLICY AND DEVELOPMENT CENTRE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2022

3.2.2 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.

3.2.3 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 realise the asset and settle the liability simultaneously.

3.3 Advances, deposits and other receivables

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

3.4 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 and 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.

3.5 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.

3.6 Restricted contribution

Funds received directly as grants for specific purpose, are classified as restricted contribution. Funds utilised 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 amortisation provided during the year on the capital items. Grants utilised 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.

3.7 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 amortised cost using the effective interest method.

3.8 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.

3.9 Provisions

Provisions are recognised 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.

3.10 Revenue / income recognition

- Revenue / income from contract research receipts and other resources is recognised when services are rendered and the performance obligations are fulfilled.
 - Return on bank deposits is recognised on a time proportion basis on the principal amount outstanding and at the rate applicable.
 - Income in respect of restricted contribution is recognised 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 recognised as income to match depreciation and amortisation provided during the year on the related capital assets.
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SOCIAL POLICY AND DEVELOPMENT CENTRE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2022

3.11 Taxation

Under section 100(C) of Income Tax Ordinance, 2001, the Company is eligible to avail the tax credit equal to one hundred percent of the tax payable including minimum tax and final taxes payable under any of the provisions thereof, after fulfilment of the prescribed conditions and taxation arising otherwise, if any, mentioned thereunder.

3.12 Foreign currency transactions

Transactions in foreign currencies are translated into Pakistani rupees (PKR) using exchange rates prevailing at the dates of transactions. Foreign exchange gain or loss resulting from the translation of those monetary assets and liabilities which are denominated in foreign currency, using the exchange rate prevailing at the reporting date, is recognised in the income and expenditure statement.

3.13 Functional and presentation currency

These financial statements are presented in Pakistani Rupees (PKR) which is the Company's functional currency.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

4. PROPERTY AND EQUIPMENT

	Furniture and fixture	Motor vehicles	Office equipment	Computer (Note 4.1)	Books and Publications	Total
	----- Rupees -----					
Year ended June 30, 2022						
Opening net book value	9,304	-	102,345	97,873	1,299	210,821
Additions	6,000	-	-	216,000	-	222,000
Disposals						
- Cost	-	-	-	(153,000)	-	(153,000)
- Accumulated depreciation	-	-	-	153,000	-	153,000
	-	-	-	-	-	-
Depreciation for the year	(3,500)	-	(24,180)	(132,599)	(1,299)	(161,578)
Net book value	<u>11,804</u>	<u>-</u>	<u>78,165</u>	<u>181,274</u>	<u>-</u>	<u>271,243</u>
As at June 30, 2022						
Cost	57,720	596,251	474,978	1,688,188	13,208,018	16,025,155
Accumulated depreciation	(45,916)	(596,251)	(396,813)	(1,506,914)	(13,208,018)	(15,753,912)
Net book value	<u>11,804</u>	<u>-</u>	<u>78,165</u>	<u>181,274</u>	<u>-</u>	<u>271,243</u>
Annual rate of depreciation (%) for 2022	<u>10</u>	<u>20</u>	<u>10</u>	<u>35</u>	<u>25</u>	
Year ended June 30, 2021						
Opening net book value	12,754	244,188	282,304	170,811	2,603	712,660
Additions	-	-	-	82,000	-	82,000
Disposals						
- Cost	(175,557)	(605,500)	(344,652)	(567,600)	-	(1,693,309)
- Accumulated depreciation	175,557	361,312	227,197	567,600	-	1,331,666
	-	(244,188)	(117,455)	-	-	(361,643)
Depreciation for the year	(3,450)	-	(62,504)	(154,938)	(1,304)	(222,196)
Net book value	<u>9,304</u>	<u>-</u>	<u>102,345</u>	<u>97,873</u>	<u>1,299</u>	<u>210,821</u>
As at June 30, 2021						
Cost	51,720	596,250	474,978	1,625,188	13,208,021	15,956,157
Accumulated depreciation	(42,416)	(596,250)	(372,633)	(1,527,315)	(13,206,722)	(15,745,336)
Net book value	<u>9,304</u>	<u>-</u>	<u>102,345</u>	<u>97,873</u>	<u>1,299</u>	<u>210,821</u>
Annual rate of depreciation (%) for 2021	<u>10</u>	<u>20</u>	<u>10</u>	<u>35</u>	<u>25</u>	

4.1 Property and equipment includes assets costing Rs. 356,600 (2021: Rs. 356,600) having net book value of Rs. Nil (2021: Rs.19,023) purchased under various grant agreements.

4.2 Depreciation expense charged for the year was allocated to 'Research and Advocacy cost' and 'Administrative expenses' by 35% and 65% respectively.

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NOTES TO THE FINANCIAL STATEMENTS			2022	2021
For the year ended June 30, 2022		Notes	Rupees	Rupees
5.	ADVANCES, DEPOSITS AND PREPAYMENTS			
	Advances to employees	5.1	74,893	242,461
	Security deposits		6,598	6,598
	Prepayments		113,591	137,439
			<u>195,082</u>	<u>386,498</u>
5.1	This includes advance given to the Chief Executive Officer (CEO), a related party, amounting to Rs. 22,500 (2021: Rs. Nil).			
6.	ACCRUED INCOME AND OTHER RECEIVABLES			
	Accrued interest on short-term investments		307,222	37,979
	Other receivables	6.1	13,795,203	4,968,891
			<u>14,102,425</u>	<u>5,006,870</u>
6.1	This represents foreign grant receivable from UIC, converted in Pak rupee at the Balance Sheet date, amounting to Rs. 13,795,203 (2021: Rs. 4,805,892).			
7.	SHORT-TERM INVESTMENTS			
	Term deposit receipts	7.1	29,000,000	13,000,000
			<u>29,000,000</u>	<u>13,000,000</u>
7.1	Investments in 'Term Deposit Receipts' (TDRs), maturing at various dates latest by December 2022; carry interest at the rate of 15% to 15.5% per annum (2021: 6.2% to 7.75% per annum).			
8.	CASH AND BANK BALANCES			
	Cash in hand		3,079	9,600
	Cash at bank			
	Current accounts		916,505	2,012,185
	PLS Saving accounts	8.1	1,937,241	251,672
			<u>2,856,825</u>	<u>2,273,457</u>
8.1	These carry profit at an average rate ranging from 3.94% to 5.79% per annum (2021: 3.08% to 5.5% per annum).			
9.	DEFERRED CAPITAL GRANT			
	Balance at the beginning of the year		19,023	135,928
	Capital expenditure on operating assets transferred		-	-
	Transferred to unrestricted assets		-	-
			<u>19,023</u>	<u>135,928</u>
	Depreciation for the year credited to income	9.1	(19,023)	(116,905)
	Balance at the end of the year		<u>-</u>	<u>19,023</u>
9.1	The Company utilises grant received from various donor agencies for purchase of capital assets in pursuance of the grant agreement with respective donors. No new purchases of these assets were made during the year except for the utilisation of previous such assets, depreciation of which is charged to expense while equivalent amount being credited to income simultaneously.			

NOTES TO THE FINANCIAL STATEMENTS			2022	2021
<i>For the year ended June 30, 2022</i>		<i>Notes</i>	<i>Rupees</i>	<i>Rupees</i>
10.	DEFERRED INCOME			
	Movement in deferred income balance is as follows:			
	Balance at the beginning of the year		-	-
	Add: Grant received / receivable during the year - UIC		36,536,763	13,379,142
	Less: Grants utilised during the year - UIC	10.1	36,536,763	13,379,142
	Balance at the end of the year		<u>-</u>	<u>-</u>
10.1	Contributions received from UIC are restricted for the purpose of expenditures as per respective grant agreement.			
11.	CREDITORS, ACCRUED AND OTHER LIABILITIES			
	Creditors		55,610	232,234
	Accrued liabilities	11.1	1,546,995	1,583,870
	Consultancy fee & reimbursable expenses	11.2	2,679,396	22,221
	Honorarium payable	11.3	1,011,066	944,784
	Withholding tax payable		62,124	62,124
			<u>5,355,191</u>	<u>2,845,233</u>
11.1	This includes payables to the Chief Executive Officer, being a related party, in respect of provision of leaves amounting to Rs. 291,188 (2021: Rs. 291,188).			
11.2	This represents actual cost reimbursable under an agreement with 'Strengthening Participatory Organisation' (SPO), being a related party, in respect of primary data collection. This also includes consulting fee payable to SPO of Rs. 300,000 (2021: Nil).			
11.3	This includes payable to the Chief Executive Officer, being a related party, in respect of project's honorarium amounting to Rs. 425,121 (2021: Rs. 329,409).			
12.	CONTINGENCIES AND COMMITMENTS			
	There are no contingencies and commitments as at the reporting date.			
13.	OTHER INCOME			
	From financial assets			
	Interest on short-term investment		1,050,043	879,431
	Exchange gains - net		27,646,976	5,586,064
	Return on bank deposits		67,246	66,134
			<u>28,764,265</u>	<u>6,531,629</u>
	From other than financial assets			
	Gain on disposal of property and equipment		10,000	1,201,967
			<u>28,774,265</u>	<u>7,733,596</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

14. RESEARCH AND ADVOCACY COST

Amount in Rupees	2022			2021		
	* Unrestricted	Restricted	Total	* Unrestricted	Restricted	Total
	Other Projects	UIC		Other Projects	UIC	
Salaries and benefits (note 14.1)	245,048	12,625,295	12,870,343	2,972,935	10,884,500	13,857,435
Contracts and consultants	863,808	9,324,133	10,187,941	3,486,155	-	3,486,155
Travel and workshops	-	9,335,686	9,335,686	199,763	394,211	593,974
Printing and publications	268,050	349,770	617,820	152,413	226,753	379,166
Communication	297,481	136,215	433,696	300,528	128,573	429,101
Indirect costs	-	4,765,664	4,765,664	-	1,745,105	1,745,105
Insurance	12,944	-	12,944	-	-	-
Computer maintenance	12,643	-	12,643	48,955	-	48,955
Legal and professional fee	342,680	-	342,680	269,425	-	269,425
Depreciation (note 4 / 8)	56,552	-	56,552	77,769	-	77,769
Bank charges	28,699	-	28,699	20,615	-	20,615
Others (note 14.3)	167,313	-	167,313	68,998	-	68,998
Total	2,295,218	36,536,763	38,831,981	7,597,556	13,379,142	20,976,698

*These includes expenses not proportionately allocated to specific UIC project, undertaken during the year, on the basis of project input ratio.

- 14.1 Salaries and benefits include Rs.495,373 (2021: Rs. 535,191) in respect of staff provident fund.
- 14.2 During the year, contract is entered with SPO, a related party, on a cost reimbursement basis for an amount of Rs. 8,748,892 and an amount of Rs. 800,000 was payable to SPO as consultancy fee. These amounts have been reflected in respective head of accounts in 'Research and Advocacy cost'.
- 14.3 This includes the net-assets written off amounting to Rs. 88,489.

15. ADMINISTRATIVE EXPENSES

	2022	2021
	Rupees	Rupees
Salaries and benefits (note 15.1)	2,143,757	1,507,404
Fuel, repair and maintenance	674,122	516,296
Depreciation (note 4)	105,026	144,427
Auditor's remuneration (note 15.3)	445,500	626,190
Miscellaneous expense	72,671	-
Rent (note 15.2)	-	-
Total	3,441,076	2,794,317

- 15.1 Salaries and benefits include Rs.221,317 (2021: Rs. 246,243) in respect of staff provident fund.
- 15.2 The registered office of the Company, used as business unit currently, has been provided free of cost by the Institute of Business Administration (IBA) under the 'Letter of Co-operation' signed with the company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Notes

 2022
Rupees

 2021
Rupees

15.3 Auditor's remuneration

Audit fee		375,000	375,000
Reimbursable expenses		37,500	37,500
Sales tax 8% (2021: 8%)		33,000	33,000
		445,500	445,500
Fee for other certifications		-	148,500
Out of pocket expense	15.3.1	-	32,190
		<u>445,500</u>	<u>626,190</u>

15.3.1 This represents the out-of-pocket expense, relating to audit 2020, paid to the predecessor auditors during the prior financial year.

16. REMUNERATION OF MANAGING DIRECTOR , OTHER DIRECTORS AND EXECUTIVES

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

	2022		2021	
	Managing Director	Executives	Managing Director	Executives
Managerial remuneration	2,897,472	2,770,008	2,490,192	3,099,996
Medical, housing and utilities	849,499	1,093,992	768,043	1,159,999
Reimbursable expenses	152,848	-	67,924	30,000
Retirement benefits	312,252	207,000	271,520	355,000
Honorarium	1,449,918	837,000	1,181,112	1,609,500
	<u>5,661,989</u>	<u>4,908,000</u>	<u>4,778,791</u>	<u>6,254,495</u>
Number, including those who worked part of the year	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

16.1 No remuneration has been paid to any of the 8 (2021: 7) Directors of the Company during the year.

17. TRANSACTIONS WITH RELATED PARTIES

17.1 Following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year.

Name of party	Nature of transactions	Relationship	2022	2021
			Rupees	Rupees
Muhammad Asif Iqbal	Remuneration	Key management personnel	5,661,989	4,778,791
Provident Fund	Contribution	Post Employment Benefit	716,690	781,434
Strengthening Participatory Organisation (SPO)	Cost reimbursement for enumerators and surveyors	Common Directorship	7,948,892	-
	Consultancy charges	Common Directorship	800,000	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Notes

2022

Rupees

2021

Rupees

17.2 Details of transactions with the related parties during the year other than those stated above are disclosed in their respective heads of accounts in these financial statements.

18. PROVIDENT FUND RELATED DISCLOSURES

18.1 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.

19. CASH AND CASH EQUIVALENTS

Cash and bank balances	8	2,856,825	2,273,457
Term Deposit Receipts		<u>3,000,000</u>	<u>3,000,000</u>
		<u>5,856,825</u>	<u>5,273,457</u>

20. FINANCIAL INSTRUMENTS BY CATEGORY

20.1 Financial assets - at amortised cost

Short-term investment		29,000,000	13,000,000
Accrued interest on short-term investments		307,222	37,979
Advances and other receivables		13,870,096	5,211,352
Cash and bank balances		2,856,825	2,273,457
Deposits		191,598	191,598
		<u>46,225,741</u>	<u>20,714,386</u>

20.2 Financial liabilities - at amortised cost

Trade and other payables		<u>5,293,067</u>	<u>2,783,109</u>
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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 values.

21. NUMBER OF EMPLOYEES

Number of employees as at June 30		<u>6</u>	<u>7</u>
Average number of employees during the year		<u>6</u>	<u>7</u>

22. DATE OF AUTHORISATION

These financial statements were authorised for issue on 11 OCT 2022 by the Board of Directors of the Company.



MANAGING DIRECTOR



DIRECTOR



DIRECTOR