

AUDITOR'S REPORT

**PUNJAB POPULATION
INNOVATION FUND**

FOR THE YEAR ENDED JUNE 30, 2020

March 02, 2021

Ref. No. A/20506/21

Board of Directors
Punjab Population Innovation Fund
125 - Abu Bakar Block, New Garden Town,
Lahore

Dear Sirs / Madams,

Audit of Financial Statements for the Year Ended June 30, 2020

We are pleased to inform you that we have completed the audit of financial statements of Punjab Population Innovation Fund for the year ended June 30, 2020 and enclosing 4 copies of the financial statements including one initialed copy for identification purposes only. We shall be pleased to sign our report in present or amended form after:

- The financial statements have been approved and signed by the Board of Directors
- We have received a certified true copy of the minutes of the meeting of the Board of Directors approving these financial statements
- We have seen the Board's specific approval for the matters referred to in Annexure "A" to this letter
- We have received direct external confirmations from the parties referred to in Annexure "B" to this letter
- We have obtained Board's specific approval for transactions with related parties as disclosed in note 22 to the financial statements of the Company.
- We have received management representation letter on the lines of the draft provided to the Company

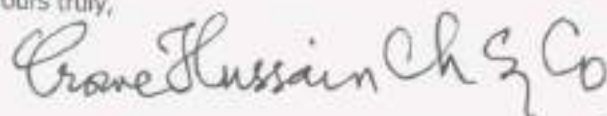
Responsibilities of the Management and Auditors in relation to the Financial Statements

The auditors are responsible for forming and expressing their opinion on the financial statements. The responsibility for preparation of these statements is primarily that of the management. The management responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding assets of the Company and prevention and detection of fraud and irregularities.

We expect an early response so as to facilitate us to issue the signed Auditors' Report. Should you like to discuss any of the above matters or the audited financial statements, please feel free to contact us.

We wish to place on record our appreciation for the co-operation and courtesy extended to us by your staff during the course of our audit.

Yours truly,



Annexure 'A'

Particulars	Amount Rupees
Addition in property and equipment during the year (Note 5)	1,751,847
Right of Use Asset (Note 7)	10,396,508
Grant received during the year (Note 13)	50,000,000
Short term investment made during the year (Note 10)	80,000,000

Annexure 'B'

Particulars	Amount Rupees
Bank Balances	
The Bank of Punjab – Current Account	20,132,971
The Bank of Punjab – Saving Account	9,565
Short Term Investments	
Term Deposit Receipts – Bank of Punjab	80,000,000
Creditors	
International Rescue Committee	12,840,890
Akhter Hameed Khan Resource Centre	4,286,445

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PUNJAB POPULATION INNOVATION FUND

A Company set up under Section 42 of the repealed Companies Ordinance, 1984

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **PUNJAB POPULATION INNOVATION FUND** (the Company), which comprise the statement of financial position as at June 30, 2020, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in accumulated funds, 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 accumulated funds 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, 2020 and of the surplus, the other comprehensive income, the changes in accumulated funds 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 Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual 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.

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 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.

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 accumulated funds 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).



Other Matter

The financial statements of the Company for the year ended June 30, 2019 were audited by another auditor who expressed unmodified opinion on those financial statements on January 29, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.

Lahore
Dated:

CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants

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PUNJAB POPULATION INNOVATION FUND

A Company set up under Section 42 of the repealed Companies Ordinance, 1984

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non Current Assets			
Property and equipment	5	16,223,054	19,690,922
Intangible assets	6	1,708,593	1,708,593
Right of use assets	7	10,396,508	-
Long term security deposits	8	1,483,216	1,595,716
		29,811,371	22,995,231
Current Assets			
Advances, prepayments and other receivables	9	23,651,259	2,330,580
Short term investments	10	80,000,000	-
Income tax refundable		126,007	126,007
Cash and bank balances	11	20,142,536	159,483,914
		123,919,802	161,940,501
		<u>153,731,173</u>	<u>184,935,732</u>
FUNDS AND LIABILITIES			
General fund			
		2,085,299	1,325,798
Non Current Liabilities			
Lease liabilities	12	6,335,516	-
Deferred grants - restricted funds	13	89,421,208	158,457,308
Deferred liabilities	14	10,916,362	6,811,453
		106,673,086	165,268,761
Current Liabilities			
Trade and other payables	15	32,959,848	18,341,173
Current portion of lease liabilities	12	12,012,940	-
		44,972,788	18,341,173
Contingencies and Commitments			
	16	-	-
		<u>153,731,173</u>	<u>184,935,732</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

PUNJAB POPULATION INNOVATION FUND

A Company set up under Section 42 of the repealed Companies Ordinance, 1984

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Income			
Grants income	13	119,036,100	143,716,552
Other income		3,612,022	-
		122,648,122	143,716,552
Expenditure			
Program expenses (2019: Restated)	17	(112,121,714)	(129,421,297)
Administrative expenses (2019: Restated)	18	(8,237,597)	(11,373,292)
Other expenses	19	-	(2,915,424)
Bank charges		(7,685)	(6,539)
Finance cost		(2,281,126)	-
		<u>(122,648,122)</u>	<u>(143,716,552)</u>
Surplus before Taxation			
		-	-
Taxation	20	-	-
Net Surplus for the Year			
		<u>-</u>	<u>-</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

PUNJAB POPULATION INNOVATION FUND

A Company set up under Section 42 of the repealed Companies Ordinance, 1984

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Net Surplus for the Year		
Other Comprehensive Income:		
<i>Items that will not be reclassified to income and expenditure statement</i>		
Remeasurements of staff retirement benefits	759,501	1,325,798
<i>Items that may be reclassified to income and expenditure statement</i>		
Other comprehensive income for the year	759,501	1,325,798
Total Comprehensive Income for the Year	<u>759,501</u>	<u>1,325,798</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

PUNJAB POPULATION INNOVATION FUND

A Company set up under Section 42 of the repealed Companies Ordinance, 1984

STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE YEAR ENDED JUNE 30, 2020

	Accumulated Fund
	Rupees
Balance as at June 30, 2018	-
Total comprehensive income for the year	1,325,798
Balance as at June 30, 2019	1,325,798
Total comprehensive income for the year	759,501
Balance as at June 30, 2020	<u>2,085,299</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

PUNJAB POPULATION INNOVATION FUND

A Company set up under Section 42 of the repealed Companies Ordinance, 1984

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before taxation	-	-
Adjustments for:		
- Depreciation on property and equipment	5,219,715	4,911,779
- Depreciation on right of use asset	5,670,822	-
- Loss on disposal of assets	-	2,915,424
- Finance cost	2,281,126	-
- Interest income	(3,612,022)	-
- Post employment benefits	5,729,795	5,223,021
	15,289,436	13,050,224
Operating surplus before working capital changes	15,289,436	13,050,224
(Increase) / Decrease in current assets		
- Advances, prepayments and other receivables	(20,904,012)	1,932,879
Increase in current liabilities:		
- Trade and other payables	14,618,675	8,543,530
	(6,285,337)	10,476,409
Net Cash Generated from Operations	9,004,099	23,526,633
Grants received	50,000,000	216,400,000
Grants utilized	(119,036,100)	(143,716,552)
Gratuity paid	(865,385)	(1,430,770)
	(69,901,485)	71,252,678
Net Cash (Used in) / Generated from Operating Activities	(60,897,386)	94,779,311
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,751,847)	(4,466,442)
Short term investments	(80,000,000)	-
Interest received	3,195,355	-
Long term security deposits	112,500	(50,000)
Additions in intangible assets	-	(585,000)
Net Cash Used in Investing Activities	(78,443,992)	(5,101,442)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Decrease) / Increase in Cash and Cash Equivalents	(139,341,378)	89,677,869
Cash and cash equivalents at the beginning of the year	159,483,914	69,806,045
Cash and Cash Equivalents at the End of the Year	20,142,536	159,483,914

The annexed notes from 1 to 27 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

PUNJAB POPULATION INNOVATION FUND

A Company set up under Section 42 of the repealed Companies Ordinance, 1984

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Note 1

Corporate and General Information

Punjab Population Innovation Fund (the Company) is a company limited by guarantee not having a share capital. The Company operates under license issued under section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company was incorporated on October 04, 2016. The objectives of the Company are to support the Government of the Punjab in improving the quality of life of the peoples of the Punjab, particularly the vulnerable and marginalized areas and sections of the population, by assisting service delivery organization in the public, non-governmental and private sectors to improve access, and the quality of family planning services in Punjab. The Company is domiciled in Pakistan and its registered office is situated at 125, Abu Bakar Block, Garden Town, Lahore.

In the year 2019, a committee was constituted by the Chief Minister of Punjab for reviewing the issues being faced by the public sector companies in Punjab. The committee has decided to continue operations of the Company along with other 30 public sector companies being managed by the Punjab Government.

Note 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 Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standards for NPOs issued by ICAP as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, 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.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the functional currency of the Company. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of judgments and key estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

- Provision for post employment benefits obligations [Note 14]
- Estimate of useful lives and residual values of property, plant & equipment [Note 5.1]

Note 2, Basis of Preparation - Cont....

2.5 Changes in accounting standards, interpretations and pronouncements**2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

IFRS 16 'Leases' has been adopted during the year by Securities & Exchange Commission of Pakistan and is mandatory for accounting periods beginning on or after July 1, 2019. It is considered to be relevant to the Company's financial statements. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases; accordingly, a lessor continues to classify its leases as operating leases or finance leases and accounts for those two types of leases differently. IFRS 16 has replaced IAS 17 Leases; IFRIC 4 - Determining whether an arrangement contains a lease; SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Its adoption does not have any effect on the financial statements of the Company for the current year.

2.5.2 Standards, interpretation and amendments to approved accounting standards that are relevant but not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan and relevant to the Company, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (Period beginning on or after)
- Conceptual Framework in IFRS Standards [Amendments]	January 01, 2020
- IFRS 7 Financial Instruments: Disclosures [Amendments]	January 01, 2020
- IFRS 9 Financial Instruments [Amendments]	January 01, 2020
- IAS 1 Presentation of Financial Statements [Amendments]	January 01, 2020
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 01, 2020
- Annual Improvements to IFRS Standards 2018-2020	January 01, 2022
- IAS 16 Property, Plant and Equipment [Amendments]	January 01, 2022
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 01, 2022

2.5.3 Standards, interpretations and amendments to approved accounting standards that are not relevant and not yet effective

There were following new standards or amendments to existing standards and interpretations that are neither relevant nor yet effective.

	Effective Date (Period beginning on or after)
- IFRS 3 Business Combinations [Amendments]	January 1, 2020
- IFRS 17 Insurance Contracts	January 1, 2021

Note 3

Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless stated otherwise.

3.1 Property, plant and equipment

All items of property and equipment are initially recorded at cost, subsequently all items of property and equipment are measured at cost less accumulated depreciation and identified impairment loss, if any.

Depreciation on property and equipment has been provided for using the straight line method at the rates specified in Note 5. Depreciation on additions is charged from the month in which the asset was available for use up to the month in which the asset was disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets replaced, if any, are retired. Gain or loss on disposal of property and equipment, if any, is shown in the Statement of Income and expenditure.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the income and expenditure statement.

Judgment and estimates

Useful lives, residual values and depreciation method are reviewed regularly. The effect of any changes in estimate is accounted for on a prospective basis.

3.2 Impairment of non-financial assets

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the income and expenditure statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The Company recognizes the reversal immediately in the income and expenditure statement.

3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of balances with banks only.

3.4 Revenue

Revenue is recognized over the period of time to match them with expenses incurred. Grants related to income are accounted for in accordance with the requirement of IAS-20 "Accounting for Government Grants and Disclosure of Government Assistance" i.e. Grants are recognized as income over the periods necessary to match them with the related cost which they are intended to compensate, on a systematic basis.

Grants related to assets are recognized in income and expenditure statement over the life of the depreciable assets.

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*Note 3, Summary of Significant Accounting Policies - Continued...***3.5 Post employment benefits**

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Provision is made on the basis of actuarial recommendations. The actuarial valuation is carried out using the projected unit credit method.

Eligible employees are entitled to gratuity after completing the prescribed period of service under the scheme equal to one month gross salary. All remeasurement gains and losses are recognized in other comprehensive income.

3.6 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.7 Grants

Grants received for capital expenditure are presented in the statement of financial position as "Deferred Income" that is recognized as income in line with depreciation charged on respective asset over the useful life of the asset.

Grants received for revenue expenditure are recognized as grant income as per terms of agreement with Government. Donated assets are recognised at fair values of assets on date of receipt of donated assets.

3.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

3.9 Taxation

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final tax payable under any of the provisions of the Ordinance, subject to conditions as outlined in section 100C. Accordingly, no provision for tax/deferred tax has been recognized in the financial statements of the Company.

3.10 Related party transactions

Transactions in relation to purchases and services with related parties are made at arm's length prices determined in accordance with the Company's policy.

3.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.11.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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*Note 3, Summary of Significant Accounting Policies - Continued...**Note 3.11.1, Financial assets - Continued...***a) Classification**

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost and fair value through profit or loss. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

b) Initial recognition and measurement

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at the transaction price.

c) Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the statement of income and expenditure.

d) Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in statement of income and expenditure.

e) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

3.11.2 Financial liabilities**a) Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the

b) Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income and expenditure. Difference between carrying amount and consideration paid is recognized in the statement of income and expenditure when the liabilities are derecognized.

Note 3, Summary of Significant Accounting Policies - Continued...

3.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.13 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange ruling on the reporting date and exchange differences, if any, are charged in the income and expenditure statement.

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Note 4

Change in Accounting Policy

The Company has consistently applied the accounting policies to all periods presented in these financial statements except for the change in accounting policy relating to leases to comply with standards, amendments and interpretations to approved accounting and reporting standards which has been accounted for in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. However, no restatement was required to be made in the financial statements.

4.1 IFRS 16 'Leases'

The Company has adopted IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) during the period that has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating Leases - Incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for virtually all of the leases. IFRS 16 includes an optional exemption for certain short-term leases and leases of low-value assets for lessees. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. Under the previous standard, IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 'Leases'. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, as the IASB has updated the guidance on the definition of a lease as well as the guidance on the combination and separation of contracts, lessors will also be affected by the new standard. The adoption of IFRS 16 has necessitated change in accounting policy for The Company.

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore the comparative information presented has not been restated and continues to be reported under IAS 17 and related interpretations.

On transition to IFRS 16, The Company has elected to use the following practical expedients under IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease;
- A single discount rate has been applied to portfolio of leases with reasonably similar characteristics;
- Leases with a remaining term of twelve months or less from the date of application have been accounted for as short term leases (i.e. not recognized in the statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company, as a lessee, previously used to classify leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. The Company used to recognize minimum lease payments in full as an expense. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in income and expenditure statement on a straight-line basis over the lease term. Any prepaid rent were recognised under prepayments. Now, under IFRS 16, The Company recognizes right-of-use assets and lease liabilities for all leases, after taking into account the elections made for available practical expedients described above.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company depreciates right-of-use assets in depreciation and amortization and unwinds the discount on lease liability into finance cost.

The Company has applied IAS 36 'Impairment of Assets' to ROU assets at the date of initial application and assessed that ROU assets are not impaired as at that date.

The Company used its incremental borrowing rate at July 1, 2019 to discount the lease payments. The weighted average incremental borrowing rate applied to lease liabilities on July 1, 2019 was 13.35%.

The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	2019
	Rupees
Recognition of right of use asset	16,067,330
Increase in liability against right of use asset	16,067,330
Impact on Income and Expenditure Statement	For the Year
	2020
	Rupees
Decrease in rent expense	(6,389,971)
Increase in depreciation expense on right of use asset	5,670,822
Increase in financial charges on lease liability	2,281,126
Net impact on Income and Expenditure Statement	1,561,977

and

Note 5

Property and equipment

	Note	2020 Rupees	2019 Rupees
Operating fixed assets	5.1	16,223,054	19,690,922

5.1 Operating fixed assets for the year ended June 30, 2020

	Furniture and fixtures	Computer equipment	Leasehold improvement	Office equipment	Vehicles	Generator equipment	Total
Cost							
Balance as at July 01, 2019	5,955,144	6,966,688	2,064,494	1,986,074	7,357,410	3,130,699	27,460,509
Additions during the year	-	-	1,706,057	45,790	-	-	1,751,847
Balance as at June 30, 2020	5,955,144	6,966,688	3,770,551	2,031,864	7,357,410	3,130,699	29,212,356
Accumulated depreciation - 2020							
Balance as at July 01, 2019	1,157,521	3,240,116	812,641	333,205	1,626,808	599,296	7,769,587
Depreciation for the year	596,740	2,003,764	631,330	199,655	1,474,511	313,715	5,219,715
Balance as at June 30, 2020	1,754,261	5,243,880	1,443,971	532,860	3,101,319	913,011	12,989,302
Book value as at June 30, 2020	4,200,883	1,722,808	2,326,580	1,499,004	4,256,091	2,217,688	16,223,054
Rate of depreciation per annum (%)	10	33.33	20	10	20	10	

5.1.1 Operating fixed assets for the year ended June 30, 2019

	Furniture and fixtures	Computer equipment	Leasehold improvement	Office equipment	Vehicles	Generator equipment	Total
Cost							
Balance as at July 01, 2018	5,955,144	5,962,240	2,064,494	1,924,080	7,601,690	3,130,699	26,638,347
Additions during the year	-	1,004,448	-	61,994	3,400,000	-	4,466,442
Disposals during the year	-	-	-	-	(3,644,280)	-	(3,644,280)
Balance as at June 30, 2019	5,955,144	6,966,688	2,064,494	1,986,074	7,357,410	3,130,699	27,460,509
Accumulated depreciation - 2019							
Balance as at July 01, 2018	562,007	1,338,715	399,742	140,220	859,754	286,226	3,586,664
Depreciation for the year	595,514	1,901,401	412,899	192,985	1,495,910	313,070	4,911,779
Depreciation on disposals	-	-	-	-	(728,856)	-	(728,856)
Balance as at June 30, 2019	1,157,521	3,240,116	812,641	333,205	1,626,808	599,296	7,769,587
Net Book Value as at June 30, 2019	4,797,623	3,726,572	1,251,853	1,652,869	5,730,602	2,531,403	19,690,922
Rate of depreciation per annum (%)	10	33.33	20	10	20	10	

5.1.2 Allocation of depreciation charge for the year is as under:

	Note	2020 Rupees	2019 Rupees (Restated)
Program expenses (2019: Restated)	17	5,219,715	4,911,779

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Note 6

Intangible Assets

		2020	2019
		Rupees	Rupees
Accounting software		1,708,593	1,708,593

- 6.1 This represents software development cost representing implementation of SAP Business One. The development / installation of the software has not concluded as on the reporting date.

Note 7

Right of Use Assets

		2020	2019
	Note	Rupees	Rupees
Opening balance		-	-
Add: Additions during the year		16,067,330	-
Less: Depreciation charge for the year	7.1	(5,670,822)	-
Closing balance		10,396,508	-
Remaining lease term (Years)		3	Nil

- 7.1 Depreciation charge for the year is allocated on actual utilization basis as follows:

Program Expenses	17	5,670,822	-
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- 7.2 Right of use assets are recorded on the basis of rent of the property. The corresponding lease liability is recorded in these financial statements as shown in note 12 of the financial statements.

There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Company is committed.

Note 8

Long Term Security Deposits

		2020	2019
	Note	Rupees	Rupees
Security deposits	8.1	1,483,216	1,595,716
8.1 This represents security deposits paid to the following parties:			
Office building		1,275,000	1,275,000
Fuel security - PSO		208,216	208,216
Phoenix security		-	112,500
		1,483,216	1,595,716

Note 9

Advances and Other Receivables

		2020	2019
	Note	Rupees	Rupees
Mobilization advances	9.1	21,198,468	-
Prepayments		757,381	862,059
Profit receivable from BOP		416,667	-
Advances to employees	9.2	1,278,743	1,468,521
		23,651,259	2,330,580

- 9.1 Movement of mobilization advance is as follows:

Opening balance	-	3,757,297
Add: Advances extended during the year	23,485,471	-
Less: Adjusted against invoices	(2,287,003)	(3,757,297)
	21,198,468	-

- 9.2 For 2019, this included advance of Rs. 846,155 extended to an employee of senior management cadre.

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Note 10

Short Term Investments

This represents Term Deposits Receipts placed with the Bank of Punjab, carrying mark-up @ 7.3%. This term deposit receipt shall mature on September 9, 2020.

Note 11

Cash and Bank Balances

	2020	2019
	Rupees	Rupees
Balances with banks:		
- Current account	20,132,971	159,483,914
- Savings account	9,565	-
	<u>20,142,536</u>	<u>159,483,914</u>

Note 12

Lease Liabilities

	2020	2019
	Rupees	Rupees
Opening balance	-	-
Impact of adoption of IFRS 16	16,067,330	-
Add: Interest expense	16,067,330	-
Less: Payments made during the year	2,281,126	-
Gross liability	18,348,456	-
Less: Current portion	(12,012,940)	-
Closing balance	<u>6,335,516</u>	<u>-</u>

12.1 Summary of amounts relating to leases charged in different line items of the financial statements is as follows:

	Included in	2020	2019
		Rupees	Rupees
Carrying amount of ROU assets	Statement of Financial Position	10,396,508	-
Depreciation charge	Income and Expenditure Statement	5,670,822	-
Interest expense	Finance cost	2,281,126	-

12.2 Maturity analysis of contractual cash flows:

Within One Year	Between Two to Five Years	Later than Five Years
(Rupees)		
12,012,940	6,335,516	-

12.3 Nature of leasing activities

The Company's leases consists of the office building. Periodic rentals are fixed over the lease term. These neither contain any variable lease payments nor any lease incentives. The Company is not committed to any lease not yet commenced as at the reporting date.

Remaining lease term of existing lease contract is 3 years for which lease liability is recorded.

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Note 13

Deferred Grants - Restricted Funds

		2020	2019
	Note	Rupees	Rupees
Grants related to income	13.1	86,701,208	155,397,308
Grants related to assets	13.2	2,720,000	3,060,000
		<u>89,421,208</u>	<u>158,457,308</u>

13.1 Grants related to income:

Opening balance	155,397,308	85,773,860
Grants received from Government of the Punjab - related party	50,000,000	213,000,000
Less: Grant income amortised during the year	(118,696,100)	(143,376,552)
Closing balance	<u>86,701,208</u>	<u>155,397,308</u>

13.1.1 This represents grant received from Government of the Punjab under grant number PC-22036, for meeting revenue expenditure of the Company. These are recognized as grant income as per terms of agreement with Government.

13.2 Grants related to assets:

	2020	2019
	Rupees	Rupees
Opening balance	3,060,000	-
Grants received during the year	-	3,400,000
Less: Grant income amortised during the year	(340,000)	(340,000)
Closing balance	<u>2,720,000</u>	<u>3,060,000</u>

13.2.1 This represents grant received from Government of the Punjab for purchase of property and equipment for the Company. Grant related to assets is recognized as income in line with depreciation charged on respective asset over the useful life of the asset.

Note 14

Deferred Liabilities

	2020	2019
	Rupees	Rupees
Post employment benefit obligations	<u>10,916,362</u>	<u>6,811,453</u>

14.1 Post employment benefit obligations

Latest actuarial valuation of the defined benefit plan was conducted as on June 30, 2020. Results of actuarial valuation are as under:

	2020	2019
	Rupees	Rupees
Present value of defined benefit obligations-net	<u>10,916,362</u>	<u>6,811,453</u>

14.1.1 Reconciliation of net obligations under post employment benefits

Present value of defined benefit obligation	10,916,362	6,811,453
Fair value of plan asset	-	-
Net liability	<u>10,916,362</u>	<u>6,811,453</u>

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Note 14, Deferred Liabilities - Cont...

Note 14.1, Post employment benefit obligations - Cont...

14.1.2 Movement in present value of defined benefit obligations

	2020 Rupees	2019 Rupees
Opening balance	6,811,453	4,345,000
Current service cost	4,340,927	4,557,991
Past service cost	479,895	310,426
Interest cost	908,973	354,604
Remeasurement gains	(759,501)	(1,325,798)
Payments made during the year	(865,385)	(1,430,770)
Closing balance	10,916,362	6,811,453

14.1.3 Changes in net liability

Opening balance	6,811,453	4,345,000
Expense charged to income and expenditure statement	5,729,795	5,223,021
Remeasurements charged in OCI	(759,501)	(1,325,798)
Benefits paid in the year	(865,385)	(1,430,770)
Closing balance	10,916,362	6,811,453

14.1.4 Charge for the year

The amounts recognised in the income and expenditure statement against defined benefits scheme are as follows:

	2020 Rupees	2019 Rupees
Current service cost	4,340,927	4,557,991
Past service cost	479,895	310,426
Interest cost	908,973	354,604
	5,729,795	5,223,021

14.1.5 The charge for the year has been allocated as follows:

Program expenses	5,729,795	5,223,021
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14.1.6 Actuarial assumptions

	2020	2019
Discount rate - per annum / Rate of return on plan assets	8.50%	14.25%
Expected rate of increase in salary level - per annum	7.50%	13.25%
Expected year of services	7 years	8 years
Actuarial valuation method	Projected Unit Credit Method	
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	

14.1.7 Estimated Charge for the year 2020-2021

	2021 Rupees
Current service cost	4,103,730
Interest cost	881,073
	4,984,803

etc

Note 14, Deferred Liabilities - Cont ...

Note 14.1, Post employment benefit obligations - Cont ...

14.1.8 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes at the reporting date date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	2020
	Rupees
Discount rate + 1%	9,932,630
Discount rate - 1%	12,050,325
Salary increase + 1%	12,076,292
Salary increase - 1%	9,891,878

Note 15

Trade and Other Payables

		2020	2019
	Note	Rupees	Rupees
Creditors	15.1	24,228,303	1,552,464
Accrued liabilities		8,731,545	16,788,709
		<u>32,959,848</u>	<u>18,341,173</u>

15.1 For 2019, this included an amount of Rs. 197,434 payable to DGPR Punjab Government (related party).

Note 16

Contingencies and Commitments**16.1 Contingencies**

Certain petitioners representing civil society at large have filed a writ petition, challenging the creation / incorporation of Public Sector Companies by the Government of Punjab. PPIF is one of the respondent companies contesting the petition. The matter is pending for adjudication before the Honourable Lahore High Court, Lahore. The management of the Company is of the view that such petition would be dismissed and accordingly, there is no impact on going concern status of the Company.

16.2 Commitments

Commitments as at the reporting date are as follows:

	2020	2019
	Rupees	Rupees
SAP Implementation	146,250	-
Repayments of lease liability		
- Due not later than one year	12,012,940	-
- Due later than one year but not later than five years	6,335,516	-
	<u>18,348,456</u>	<u>-</u>

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Note 17

Program Expenses

		2020	2019
	Note	Rupees	Rupees (Restated)
Salaries and benefits	17.1	43,903,968	49,094,282
Program support (Implementing Partners)		24,831,614	49,405,348
Surveys (Monitoring and Evaluation)		10,828,757	10,662,971
Advertisement expense		5,260,570	1,671,369
Meetings and workshops		997,268	53,144
Printing and stationery		1,549,742	373,364
Travelling and conveyance		4,354,764	2,384,313
Digital print media		-	162,265
Printing charges		49,000	84,570
Utilities		399,316	522,873
Rent		-	2,846,472
Postage and telephone		933,953	486,387
Communication		120,690	382,574
Office supplies		396,157	288,376
Repairs and maintenance		637,174	195,201
Security		762,552	783,000
Insurance		1,972,657	534,430
Legal and professional		4,232,995	4,578,576
Depreciation on right of use asset		5,670,822	-
Depreciation on property and equipment		5,219,715	4,911,780
		<u>112,121,714</u>	<u>129,421,297</u>

17.1 This includes Rs. 5,729,795 (2019: Rs. 5,223,021) in respect of employees benefits.

Note 18

Administrative Expenses

	2020	2019
	Rupees	Rupees (Restated)
Salaries and benefits	4,092,000	3,720,000
Printing and stationery	218,763	213,662
Repair and maintenance	401,873	195,201
Travelling and conveyance	723,047	827,584
Utilities	770,909	522,873
Communication	619,941	868,961
Rent, rates and taxes	-	2,846,472
Office supplies	396,156	296,607
Advertisement	-	344,102
Auditor's remuneration	199,500	220,400
Insurance	52,856	534,430
Security	762,552	783,000
	<u>8,237,597</u>	<u>11,373,292</u>

Note 19

Other Expenses

	2020	2019
	Rupees	Rupees
Loss on disposal of fixed assets	-	2,915,424

Note 20

Taxation

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final tax payable under any of the provisions of the Ordinance, subject to conditions as outlined in section 100C. Accordingly, no provision for tax/ deferred tax has been recognized in the financial statements of the Company.

Note 21

Remuneration of Chief Executive Officer, Directors and Executives

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	Rupees		Rupees		Rupees	
Managerial remuneration	2,160,000	2,100,000	-	-	14,520,000	17,806,940
Gratuity	207,692	201,923	-	-	1,396,154	1,792,308
Medical expenses	125,000	125,000	-	-	200,000	291,620
Mobile bills	120,000	120,000	-	-	84,000	113,283
	2,612,692	2,546,923	-	-	16,200,154	20,004,151
	1	1	-	-	2	3

21.1 The executives and CEO have also been provided with official mobile phones while The Chief Executive Officer is also provided with Company maintained car.

Note 22

Related Party Transactions

Related parties comprise directors, associated undertakings in which directors have interest and key management personnel. Remuneration of key management personnel is disclosed in note 21 to these financial statements. Transactions with related parties are as follows:

Related party	Relationship	Nature of transactions	2020	2019
			Rupees	Rupees
The Bank of Punjab	Company owned by Government of the Punjab	Bank charges paid	7,685	6,539
		Short term investments made	80,000,000	-
		Interest income	3,612,022	-
Directorate General Public Relations	Department of Government of the Punjab	Advertisement expenses	5,260,570	2,015,471
Key management personnel	Employment	Loan disbursed	3,606,721	3,562,725
		Loan recovered	4,460,876	2,716,570
Punjab Population Welfare Department	Department of Government of the Punjab	Vehicles disposed off	-	3,544,280
		Vehicles purchased	-	3,400,000

Note 23

Financial Risk Management**23.1 Financial risk factors**

The Company's activities may expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any currency risk.

Note 23, Financial Risk Management, Cont ...

Note 23.1, Financial risk factors, Cont ...

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	Rupees	Rupees
Long term deposits	1,483,216	1,595,716
Advances	23,651,259	2,330,580
Bank balances	20,142,536	159,483,914
	<u>45,277,011</u>	<u>163,410,210</u>

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating		Rating Agency	2020	2019
	Short term	Long term		Rupees	Rupees
The Bank of Punjab	A1+	AA	PACRA	<u>20,142,536</u>	<u>159,483,914</u>

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The Company is not exposed to any significant liquidity risk.

	Carrying Amount	Contractual cash flows	Within 1 year	2-5 Years	More than 5 years
	Rupees				
Trade and other payables	<u>32,959,848</u>	<u>32,959,848</u>	<u>32,959,848</u>	-	-

Contractual maturities of financial liabilities as at June 30, 2019:

	Carrying Amount	Contractual cash flows	Within 1 year	2-5 Years	More than 5 years
	Rupees				
Trade and other payables	<u>18,341,173</u>	<u>18,341,173</u>	<u>18,341,173</u>	-	-

Note 23, Financial Risk Management - Contd...

Note 23.1, Financial risk factors, Cont...

Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2020 the net fair value of all financial assets and financial liabilities are estimated and their carrying values are compared to assertion of the approximate with fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

Contractual maturities of financial liabilities as at June 30, 2020:

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques using market observable inputs
Level 3	Valuation techniques using non market observable inputs

23.2 Financial instruments by categories**Financial assets as at June 30, 2020**

	Amortized Cost	Fair Value through other comprehensive income	Fair Value through income and expenditure	Total
	Rupees			
Long term deposits	1,483,216	-	-	1,483,216
Short term investments	80,000,000	-	-	80,000,000
Advances	1,695,410	-	-	1,695,410
Cash and bank balances	20,142,536	-	-	20,142,536
	103,321,162	-	-	103,321,162

Financial assets as at June 30, 2019

	Amortized Cost	Fair Value through other comprehensive income	Fair Value through income and expenditure	Total
	Rupees			
Long term deposits	1,595,716	-	-	1,595,716
Advances	1,468,521	-	-	1,468,521
Cash and bank balances	159,483,914	-	-	159,483,914
	162,548,151	-	-	162,548,151

Financial liabilities at amortized cost

	2020	2019
	Rupees	Rupees
Trade and other payables	32,959,848	18,341,173

Note 23, Financial Risk Management - Cont ...

23.3 Fair values of financial assets and liabilities

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 24

Impact of COVID-19 on the Financial Statements

The outbreak of COVID-19 pandemic and the lockdown situation in the country have impacted businesses to varying degrees, having implications on their operations, financial position, profitability, liquidity and in certain cases, the going concern status. The management has evaluated the impacts of COVID-19 on the Financial Statements of the Company and has concluded that there are no material implications of COVID-19 on carrying amounts of assets and liabilities or items of income and expenses, as required under the relevant accounting and reporting standards, that require specific disclosure in the financial statements. The management has also evaluated the impact of COVID-19 pandemic on going concern status of the Company and has concluded that Company is not exposed to any going concern risk.

Note 25

Number of Employees

	2020 Number	2019 Number
Number of employees as at June 30,	23	24
Average number of employees during the year	24	24

Note 26

Authorization of Financial Statements

These financial statements were approved and authorized for issue by the Board of Directors of the Company on _____

Note 27

General

Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation.

Nature	From	To	Amount Rupees
Salaries and benefits	Administration Expenses (Note 18)	Program Expenses (Note 17)	28,974,111
Legal and professional charges	Administration Expenses (Note 18)	Program Expenses (Note 17)	2,939,288
Depreciation on property and equipment	Administration Expenses (Note 18)	Program Expenses (Note 17)	2,468,104

CHIEF EXECUTIVE OFFICER

DIRECTOR