

Annual Report

2018
to
2019

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| Director's Note



Centre for Economic Research (CERP) has witnessed quite an exciting year as we have evolved into a diverse policy institution, offering quantitative research, data analytics, survey, executive education, technology and policy advisory services with over 100 employees working diligently on making a difference. In this fiscal year, I am happy to share some organisational highlights and personal achievements of those associated with us.

CERP was founded by a group of economists with a history of conducting rigorous, internationally recognised empirical research in Pakistan. As a recognition of his work, one of our co-founder and board member, Dr. [Asim Ijaz Khwaja](#), has been appointed as the Faculty Director to lead the [Center for International Development](#) (CID) at the [Harvard Kennedy School](#) (HKS) effective from July 01, 2019. Our leadership continued to break the barriers this year as another co-founder and board member, [Dr. Adnan Q. Khan](#) has been successfully appointed as Professor in Practice by [School of Public Policy, London School of Economics and Political Science](#) (LSE), a joint appointment with [Suntory Toyota International Centre for Economics and Related Disciplines](#) (STICERD), LSE.

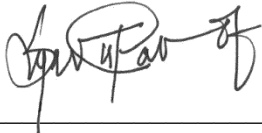
We have over 80 internationally acclaimed economists affiliated with CERP, who are working on exceptional research projects and contributing to the field of economics. One such team of researchers, Dr. Imran Rasul and Dr. Oriana Bandiera, both senior research fellows at CERP, received the prestigious [Yrjö Jahnsson Award](#) 2019.

At CERP, we aim to collaborate with various organisations to enhance knowledge sharing and build bridges across the globe. Earlier this year, a riveting and thought provoking discussion took place at [Institute for South Asia Studies](#) (ISAS), Berkeley where CERP's board members and two of CERP's research fellows discussed the importance of evidence-based economic policy in Pakistan and its role in informing policy decisions. Later in the quarter, continuing on CERP's mission of deepening the culture of evidence in Pakistan, CERP signed a memorandum of understanding with Punjab Police Office to conduct research on 8787 Police Complaint Centre Helpline and other Punjab Police initiatives.

CERP has also been featured in a report on the University Research System in Pakistan by the [Knowledge Platform](#) in collaboration with [British Council Pakistan](#). The report is an evaluation of Pakistan's research system and is based on consultations with more than 20 universities and research institutions. We have been involved with the education sector since inception and host the longest longitudinal study on Pakistan's education sector.

The above is only a glimpse into what has been keeping us occupied at CERP as we work towards embedding our philosophy of improving decision making in Pakistan while we build sustainable relations in the private and public sectors.

As work has begun on some very interesting projects already, I look forward to sharing all our future endeavours in next year's report.



Maroof A. Syed

President and CEO
Centre for Economic Research in Pakistan

| About CERP

CERP was established in 2010 with the aim of filling the gap in evidence based decision making in Pakistan.

Our founding members have a history of conducting rigorous and internationally recognized empirical research in Pakistan. They decided to come together to form an organization that focused on generating such knowledge, disseminating it to inform policy, and partnering from the outset with policy actors to ensure theoretically and empirically informed policy design.

Our Mission

We aim to improve decision-making in Pakistan through evidence-based research, teaching, analytics and advisory

Current research projects cover topics in primary education, taxation, finance, social policy, household welfare, governance, and health education. Each project is led by Principal Investigators (PIs) selected from the pool of CERP fellows comprising of academics and researchers based in internationally reputed universities. The current roster of CERP PIs includes academics from Harvard University, MIT, Princeton University, Pomona College, London School of Economics, the International Growth Center, Lahore University of Management Sciences and the World Bank while project support is given by donors including DFID, World Bank, 3ie, National Science Foundation (NSF), International Growth Center (IGC), and IPA

CERP is set up as a non-profit under Section 42 of the Companies Ordinance, 1984 and has its main office in Lahore, Pakistan



| Implementing Partners

- * Adult Basic Education Society
- * Agriculture Department, Government of Punjab
- * Aman Foundation
- * Communication and Works Department, Government of Punjab
- * Excise and Taxation Department, Government of Punjab
- * Finance Department, Government of Punjab
- * Health Department, Government of Punjab
- * Higher Education Department, Government of Punjab
- * Livestock and Dairy Development Department (LDDD), Government of Punjab
- * Local Government Department, Government of Punjab
- * National Commission for Human Development (NCHD),
- * Punjab Information Technology Board (PITB)
- * Punjab Public Procurement Regulatory Authority (PPRA)
- * Punjab Resource Management Programme (PRMP)
- * Punjab Skills Development Fund (PSDF)
- * Regional Centers for Learning on Evaluation and Results (CLEAR)
- * School Education Department, Government of Punjab
- * TeleTaleem
- * Oxford University Press
- * Tameer Micro Finance Bank

| Donors

- * DFID UK
- * World Bank
- * Harvard University
- * J-Pal at MIT
- * IPA (Innovations for Poverty Action)
- * PEDL (Private Enterprise Development in Low Income Countries)
- * Duke University
- * IGC at London School of Economics
- * ADB (Asian Development Bank)
- * J-Pal South Asia at IFMR
- * PSDF (Punjab Skill Development Fund)
- * UNDP
- * Aman Foundation
- * CID at Harvard University
- * PCSW (Punjab Commission for status of Women)
- * 3ie
- * NBER
- * New York University
- * Oxford University
- * Columbia University
- * British Asian Trust (BAT)
- * Precision Agriculture for Development (PAD)
- * UBS Optimus Foundation
- * UCL (University College London)
- * Pomona College
- * University of Essex

| Network Affiliates

Local

- * Technology for People Initiative
- * Lahore University of Management Sciences
- * Interactive Research and Development
- * Centre for Research in Economics and Business
- * Institute for Development and Economic Alternatives

International

- * Evidence for Policy Design (Harvard)
- * Innovations for Poverty Action (IPA)
- * International Growth Centre (IGC)
- * Poverty Action Lab (J-PAL)

| General Body and Board of Directors

Maroof Syed

President and CEO, CERP
Senior Fellow and Advisor,
Harvard's Evidence for Policy
Design (EPOD)
MC/MPA, Harvard University

Dr Asim Ijaz Khwaja

Chairman of the Board, CERP
Professor of Public Policy,
Harvard University,
Faculty Director at Center for
International Development (CID) at
Harvard Kennedy School
PhD Economics, Harvard
University

Dr Tahir Andrabi

Professor of Economics,
Pomona College, Dean LUMS
School of Education
PhD Economics Massachusetts
Institute of Technology

Dr. Ali Cheema

Associate Professor Economics
LUMS, PhD Economics,
University of Cambridge

Dr. Atif Mian

Professor of Economics,
Princeton University, PhD
Economics, Massachusetts
Institute of Technology

Dr. Adnan Qadir Khan

Professor in Practice, School of
Public Policy, London School of
Economics
Associate, Center for
International Development
(CID), Harvard University
PhD Economics, Queens
University

| Finance and Audit Committee

Dr. Ali Cheema
Chair / Member of
Board of Directors

Saad Alamgir Chief
Financial Officer

Naeem Sheikh
Financial Consultant

Dr. Atif Mian
Member of Board
of Directors

| Admin Policy Committee

Dr. Ali Cheema
Chair / Member of
Board of Directors

Dr. Adnan Q. Khan
Member of Board of
Directors

Wasif Ali Mullick
Associate Director
Operations

Dr. Atif Mian
Member of Board
of Directors

| Company Secretary

Wasif Ali Mullick
Associate Director Operations

| Auditors

Deloitte
Yousuf Adil,
134-A, Abu Bakar Block, New Garden Town, Abu Bakar Block Garden Town, Lahore, Punjab.
<https://www2.deloitte.com/pk/en/legal/about-deloitte-pakistan.html>

| Financial Consultants

UHY Hassan Naeem & Co. Chartered Accountants:
A member of UHY, an international association of independent accounting and consulting firms
193-A, Shah Jamal Lahore Pakistan. +92 (42) 7599938.
<http://www.uhy-hnco.com/hnco/>

| Legal Advisers

Axis Law Chambers
5-S, Gulberg II, Lahore - +92 (42) 35750930-32
<http://www.axislaw.pk>

| Financial Statements
For the year ended June 30, 2019



INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Centre for Economic Research in Pakistan** (the Company), which comprise the statement of financial position as at June 30, 2019, income and expenditure statement, the statement of comprehensive income, the statement of 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 income and expenditure statement, the statement of comprehensive income, the statement of 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, 2019 and of the income and expenditure and comprehensive income, the 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 Auditor's Report Thereon

We understand there will be no other information accompanying the financial statements. Accordingly, we do not have any obligations to report on such information.

Responsibilities of Management and the 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.

The 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, income and expenditure statement, the statement of comprehensive income, the statement of 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).

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

Deloitte Yousuf Adil
Chartered Accountants

Lahore
Dated: November 14, 2019

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
(A company setup under Section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
FUNDS AND LIABILITIES			
Accumulated funds			
Restricted funds			
Deferred grant - income based	4	98,602,463	78,364,397
Deferred grant - capital assets	7	4,423,621	6,020,026
		<u>103,026,084</u>	<u>84,384,423</u>
General fund		<u>119,679,147</u>	<u>85,553,431</u>
		<u>222,705,231</u>	<u>169,937,854</u>
Current liabilities			
Creditors and other payables	5	61,369,147	86,594,984
Contingencies and commitments			
	6	<u>284,074,378</u>	<u>256,532,838</u>
ASSETS			
Non-current assets			
Property and equipment	7	15,592,033	8,377,791
Long term deposits		12,317,727	1,477,204
		<u>27,909,760</u>	<u>9,854,995</u>
Current assets			
Advances, prepayments and other receivables	8	9,462,404	16,934,213
Trade receivable		16,690,000	-
Grant receivable		71,507,245	40,340,017
Tax refundable due from Government	9	5,380,234	2,186,673
Cash and bank balances	10	153,124,735	187,216,940
		<u>256,164,618</u>	<u>246,677,843</u>
		<u>284,074,378</u>	<u>256,532,838</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

DYA


Chief Executive Officer


Director

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
(A company setup under Section 42 of the Companies Act, 2017)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019			2018
		Restricted	Un-restricted	Aggregate	Aggregate
Rupees					
INCOME					
Grants	4	268,031,096	-	268,031,096	292,258,580
General fund		-	27,075,515	27,075,515	26,953,099
Service income		-	24,936,455	24,936,455	-
Other income	12	457,054	6,989,559	7,446,613	4,898,139
Transfer from deferred grant	13	-	26,211,142	26,211,142	17,243,559
Exchange gain		1,579,695	5,705,222	7,284,917	2,024,645
Amortization of capital grant	7.1	2,886,255	-	2,886,255	2,302,895
		<u>272,954,100</u>	<u>90,917,893</u>	<u>363,871,993</u>	<u>345,680,917</u>
EXPENDITURE					
Salaries and benefits		108,154,379	23,900,116	132,054,495	94,494,513
Surveys		70,497,458	13,189,088	83,686,546	132,448,206
CERP overheads		27,075,515	-	27,075,515	26,953,099
Consultancy charges		21,975,849	623,150	22,598,999	16,359,852
Travelling and conveyance		15,833,601	3,302,606	19,136,207	17,879,362
Rent rates and taxes		4,749,117	3,242,022	7,991,139	3,935,049
Fees and subscription		4,300,844	777,119	5,077,963	3,524,553
Communication charges		4,197,035	868,676	5,065,711	4,647,359
Printing and stationery		3,794,840	324,832	4,119,672	1,516,529
Training charges		3,767,408	880,472	4,647,880	273,586
Depreciation		2,886,255	992,486	3,878,741	2,948,463
Legal and professional charges		-	3,751,419	3,751,419	2,658,000
Insurance		2,182,527	756,464	2,938,991	1,110,712
Meal and entertainment		1,372,105	692,264	2,064,369	1,316,304
Office expenses		665,263	704,592	1,369,855	1,272,940
Utilities		384,640	897,728	1,282,368	876,818
Repair and maintenance		114,266	303,735	418,001	482,154
Bank charges		67,872	64,391	132,263	107,229
Data entry charges		210,619	107,480	318,099	1,457,589
Call center		-	-	-	1,431,353
Auditors remuneration	11	-	400,000	400,000	322,000
Miscellaneous expenses		724,507	1,023,297	1,747,804	2,756,447
		<u>272,954,100</u>	<u>56,801,937</u>	<u>329,756,037</u>	<u>318,772,117</u>
Surplus before tax		-	34,115,956	34,115,956	26,908,800
Taxation		-	-	-	-
Surplus for the year		<u>-</u>	<u>34,115,956</u>	<u>34,115,956</u>	<u>26,908,800</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

DIA


Chief Executive Officer


Director


CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
(A company setup under Section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Receipts		
Grants received		
Bank profit	284,602,926	280,998,184
Other receipts	6,246,180	4,838,163
Total receipts	<u>(6,902)</u>	<u>(750,668)</u>
	290,842,204	285,085,679
Payments		
Payment to employees and suppliers		
Taxes paid	(300,641,699)	(223,309,001)
Total payments	<u>(2,359,204)</u>	<u>(1,109,938)</u>
	(303,000,903)	(224,418,939)
Net cash (used in) / generated from operating activities	<u>(12,158,699)</u>	<u>60,666,740</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property and equipment	(11,092,983)	(2,935,136)
Long term deposits	<u>(10,840,523)</u>	<u>-</u>
Net cash used in investing activities	<u>(21,933,506)</u>	<u>(2,935,136)</u>
Net (decrease) / increase in cash and cash equivalents (A+B)	<u>(34,092,205)</u>	<u>57,731,604</u>
Cash and cash equivalents at beginning of year	<u>187,216,940</u>	<u>129,485,336</u>
Cash and cash equivalents at end of year	<u>153,124,735</u>	<u>187,216,940</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

DIA


Chief Executive Officer


Director

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
(A company setup under Section 42 of the Companies Act, 2017)
STATEMENT OF ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Deferred grant - income based	Deferred grant - capital assets	General fund	Total
	Restricted		Un-restricted	
----- Rupees -----				
Balance at June 30, 2017 - reported earlier	91,419,770	3,275,200	58,571,649	153,266,619
Impact of grossing up of grants received in advance	2,630,708	-	-	2,630,708
	94,050,478	3,275,200	58,571,649	155,897,327
Grants received during the year	258,586,989	-	-	258,586,989
Grants accrued during the year	40,340,017	-	-	40,340,017
Funds utilized during the year	(292,258,580)	-	-	(292,258,580)
Capital expenditure	(5,047,721)	5,047,721	-	-
Amortization for the year	-	(2,302,895)	-	(2,302,895)
Transfer to General fund	(17,243,559)	-	-	(17,243,559)
Other adjustments	2,567,481	-	72,982	2,640,463
	(13,055,373)	2,744,826	72,982	(10,237,565)
Surplus for the year	-	-	26,908,800	26,908,800
Balance at June 30, 2018	78,364,397	6,020,026	85,553,431	169,937,854
Grants received during the year	284,602,926	-	-	284,602,926
Grants accrued during the year	31,167,228	-	-	31,167,228
Funds utilized during the year	(268,031,096)	-	-	(268,031,096)
Capital expenditure	(1,289,850)	1,289,850	-	-
Amortization for the year	-	(2,886,255)	-	(2,886,255)
Transfer to General fund	(26,211,142)	-	-	(26,211,142)
Other adjustments	-	-	9,760	9,760
	20,238,066	(1,596,405)	9,760	18,651,421
Surplus for the year	-	-	34,115,956	34,115,956
Balance at June 30, 2019	98,602,463	4,423,621	119,679,147	222,705,231

The annexed notes 1 to 21 form an integral part of these financial statements.

DNA


Chief Executive Officer


Director

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
(A company setup under Section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND OPERATIONS

1.1 Centre for Economic Research in Pakistan ("the Company") is a company limited by guarantee incorporated in Pakistan on January, 14 2010 as an association not for profit under section 42 of the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). The Company is established to encourage socio-economic research in Pakistan by facilitating the conduct of both theoretical and empirical research in the country and bringing together findings, policy advice and focused debate. The Company's registered office is situated at 29-P, Gulberg II, Lahore, Pakistan.

1.2 Functional and presentation currency

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

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 approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting standards for not for profit organisation (Accounting standards for NPOs) issued by the institute of chartered accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019.

Standards or Interpretations with no significant impact	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

*Certain annual improvements have also been made to a number of IFRSs.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

2.3

New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned.

Standards or Interpretations with no significant impact	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	Effective from accounting period beginning on or after January 01, 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	Effective from accounting period beginning on or after January 01, 2019
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	Effective from accounting period beginning on or after January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	Effective from accounting period beginning on or after January 01, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	Effective from accounting period beginning on or after January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	Effective from accounting period beginning on or after January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	Effective from accounting period beginning on or after January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	Effective from accounting period beginning on or after January 01, 2019. Earlier application is permitted.
	Effective from accounting period beginning on or after:
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	July 1, 2018
IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 1, 2018

The impact of adoption of these new standards is disclosed in note 2.4.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.4 Adoption of new accounting standards

The following changes in standards have taken place effective from July 01, 2018:

2.4.1 Impact of IFRS 9 - Financial Instruments

IFRS 9 replaces certain provisions of IAS 39 - "Financial Instruments: Recognition and Measurement" that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Under IFRS 9 the financial instruments, excluding derivatives, are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss depending on the nature of the relevant contractual cash flows and the business model in which it is held.

The adoption of IFRS 9 from July 01, 2018 has resulted in changes in relevant accounting policies and adjustment to the grant receivable amounts recognized in the financial statements. IFRS 9 requires implementation of a new impairment model based on expected credit losses (ECL). In accordance with the transition provisions of IFRS 9, the Company has followed modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information of prior periods. However the adoption of IFRS 9 does not have a material impact on the grant receivable of the Company for the year ended June 30, 2019 or June 30, 2018.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
(Rupees)				
Advances, prepayments and other receivables	Loans and receivables	At amortized cost	16,934,213	16,934,213
Grant receivable	Loans and receivables	At amortized cost	40,340,017	40,340,017
Cash and bank balances	Loans and	At amortized cost	2,186,673	2,186,673
Long Term deposits	Loans and	At amortized cost	1,477,204	1,477,204
Financial liability	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
(Rupees)				
Creditors and other payables	At amortized cost	At amortized cost	61,369,147	61,369,147

2.4.2 Impact of IFRS-15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenues' and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 Revenue from Contracts with Customers with initial date of application of 1 July 2018.

The Company policy for revenue recognition stands same as follows:

Grants related to income are recognized on a systematic basis as income over the periods necessary to match them with related expenses incurred in accordance with terms of the respective grant agreements. Further, the grants related to losses already incurred for the purpose of giving immediate financial support to the Company with no future related costs are recognized as income in the period in which it becomes receivable.

Grants related to long term assets, including non-monetary grants at fair value, are presented by setting up "deferred grant related to assets". Subsequently, these deferred grants are amortized in income and expenditure account over the useful lives of related assets.

Profit on bank deposits is recognized on accrual basis. Services are recognized as revenue when rendered at fair value of consideration to be received.

2.4.2.1 Effect of changes in accounting policy

The above mentioned policy do not have any impact on these financial statements as the existing policy do not have an impact on the timing or the amount of revenue recognition from the grant related to income or capital assets.

2.5 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.6 Judgments, estimates and assumptions

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 expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Useful life and residual values of property and equipment;
- b) Taxation; and
- c) Provisions

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Funds

3.1.1 Restricted fund

Funds obtained from donors are credited under project funds. Utilization of this fund is according to the plan agreed with donors of the projects.

3.1.2 General fund

This is an unrestricted fund. Utilization of this fund is not restricted to any specific purpose.

3.2 Property and equipment

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

Depreciation charge is based on straight line method whereby the cost of an asset is written off to income and expenditure account at the rates prescribed in note 9 to the financial statements. Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged for the month in which items are disposed off.

Where the carrying amount of asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company.

Gains and losses on the disposal of assets are included in income and expenditure account.

- 3.3 Cash and cash equivalents**
For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances which are subject to an insignificant risk of change in value.
- 3.4 Trade and other payables**
Liabilities for trade and other payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.
- 3.5 Provisions**
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.
- 3.6 Revenue recognition**
Grants related to income are recognized on a systematic basis as income over the periods necessary to match them with related expenses incurred in accordance with terms of the respective grant agreements. Further, the grants related to losses already incurred for the purpose of giving immediate financial support to the Company with no future related costs are recognized as income in the period in which it becomes receivable.

Grants related to long term assets, including non-monetary grants at fair value, are presented by setting up "deferred grant related to assets". Subsequently, these deferred grants are amortized in income and expenditure account over the useful lives of related assets.

Profit on bank deposits is recognized on accrual basis. Services are recognized as revenue when rendered at fair value of consideration to be received.
- Service income**
Service income, in relation to contracts for provision of various services is recognized at the point over time when the relevant performance obligations are satisfied under the contract.
- 3.7 Taxation**
The Company has been granted approval under section 2(36) of the Income Tax Ordinance, 2001 for tax years 2017, 2018 and 2019. Accordingly, the income of the Company from donations, grants and contributions is exempt from income tax.
The Company is also entitled to one hundred percent tax credit of the income tax payable, including minimum and final taxes payable, under section 100(C) of the Income Tax Ordinance, 2001.
- 3.8 Foreign currencies**
Foreign currency transactions are converted into Pak Rupee using the rates prevailing on the date of transaction while monetary assets and liabilities are restated into Pak Rupee using the rates of exchange prevailing at the reporting date.

Exchange differences are included in income and expenditure account.
- 3.9 Trade and other payables**
Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Company or not.

4. Deferred grant - income based

Donor	Project	At July 01, 2018		Grant received during the year	Income for the year	Grants utilized			At June 30, 2019	
		Opening Grants-Advances received	Opening Grants receivable			Capitalization	Transfer to Un-restricted fund	Total	Closing Grants-Advances received	Closing Grants receivable
Rupees										
Punjab Skills Development Fund/The British Asian Trust	The Punjab Economic Opportunities Program	26,129,253	-	16,147,920	(18,264,062)	(64,800)	-	(18,328,862)	26,227,870	(4,279,559)
	The Punjab Economic Opportunities Program- Retention money	-	(19,077,262)	-	(1,358,590)	-	-	(1,358,590)	-	(20,435,852)
World Bank Group	Center for Learning on Evaluation and Results	1,652,540	-	-	-	-	(1,652,540)	(1,652,540)	-	-
Harvard University/MIT	Trust in State Authority	16,896,274	-	-	(4,762,404)	-	-	(4,762,404)	12,133,870	-
Matt Macdonald/Harvard University/Research On Improving Systems Of Education	Education finance project	15,984,840	-	80,207,153	(66,386,623)	(452,500)	(24,586,602)	(81,386,725)	14,655,268	-
Harvard University/LSE	Preferences project	290,610	-	-	(23,907)	-	-	(23,907)	266,703	-
MIT/Harvard University/LSE	Social compact project	2,270,145	-	25,015,018	(15,561,905)	(463,050)	-	(16,024,955)	14,401,590	(3,141,362)
University Of Oxford	Social norms project	4,877,232	-	4,916,675	(6,434,296)	-	-	(6,434,296)	3,359,611	-
University College London/LSE	Assets transfer project	1,632,983	-	18,491,260	(15,097,658)	-	-	(15,097,658)	11,143,329	(7,016,724)
USB Optimus Foundation	Microbe literacy project	151,227	-	-	(64,000)	-	-	(64,000)	87,227	-
Action London School Of Economics(LSE)	Mobile money project	16,513	-	-	(12,067)	-	-	(12,067)	4,446	-
Columbia University	Barriers to industrial upgrading	6,962,780	-	-	(2,135,914)	-	-	(2,135,914)	6,426,866	-
Massachusetts Institute Of Technology(MIT)	Political connections	-	(1,471,686)	15,336,650	(13,332,313)	-	-	(13,332,313)	632,661	-
Michigan State University	Self selection in storage market	-	-	804,267	(722,199)	-	-	(722,199)	82,068	-
Private Enterprise Development In Low -income Countries/ London School Of Economics	Day labour	-	-	3,662,619	(825,484)	-	-	(825,484)	2,837,136	-
Goeth University Frankfurt	National outreach program	-	-	715,470	-	-	-	-	778,570	-
Harvard University/United Nations Development Program	Building capacity to use research evidence	-	(1,526,332)	22,661,969	(35,130,704)	-	-	(35,130,704)	-	(14,103,127)
Harvard University/MIT	Benazir income support program	-	(2,546,514)	5,640,417	(4,456,635)	-	-	(4,456,635)	605,016	(1,959,751)
New York University	Think project	-	(2,441,576)	5,791,000	(3,506,867)	-	-	(3,506,867)	2,084,972	(2,342,415)
London School Of Economics/Massachusetts Institute Of Technology	Public procurement project	-	(102,570)	99,275	(140,340)	-	-	(140,340)	-	(143,635)

Donor	Project	At July 01, 2018		Grant received during the year	Income for the year	Grants utilized			At June 30, 2019	
		Opening Grants-Advances received	Opening Grants receivable			Capitalization	Transfer to Un-restricted fund	Total	Closing Grants-Advances received	Closing Grants receivable
Rupees										
Duke University/Oxford Policy Management	PCSW project	-	(4,188,796)	12,476,377	(10,664,024)	-	-	(10,664,024)	87,498	(2,463,941)
Institute For Social And Economic Research Pcswlse/Duke University/International Initiative For Impact Evaluation/Asian Development Bank	KP polo project	-	(10,668)	-	(10,668)	-	-	(10,668)	-	(29,522)
Women mobility project		-	(7,253,127)	67,374,432	(70,401,396)	(309,506)	-	(70,710,899)	847,740	(11,437,334)
Fomona College	Women enrollment project	-	(730,665)	-	-	-	-	-	-	(730,665)
Precision Agriculture For Development (Pad)	PAD project	-	(962,635)	5,179,334	(7,643,612)	-	-	(7,643,612)	-	(3,447,113)
World Bank/ Teach The World Foundation	Analytics Project	-	-	-	-	-	-	-	-	-
World Bank	Growth monitoring tool project	-	-	-	-	-	-	-	-	-
Leibniz University Hannover	Higher education commission project	-	-	100,000	(124,914)	-	-	(124,914)	-	(4,814)
London School Of Economics	Saving through digitization project	-	-	-	(71,311)	-	-	(71,311)	-	(71,311)
		78,364,367	(40,340,017)	264,602,526	(268,031,096)	(1,286,860)	(26,211,142)	(295,532,068)	98,602,463	(71,507,245)

	2019 Rupees	2018 Rupees
5. CREDITORS AND OTHER PAYABLES		
Creditors	38,554,103	58,598,156
Accrued expenses	10,581,025	9,781,536
Withholding tax payable	12,234,019	5,058,560
Sales tax payable	-	13,156,732
Other payables	-	-
	<u>61,369,147</u>	<u>86,594,984</u>

6. CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments as at June 30, 2019 (June 30, 2018: Nil).

	Note	2019 Rupees	2018 Rupees
7. PROPERTY AND EQUIPMENT			
Project assets	7.1	4,423,621	6,020,026
Owned assets	7.2	11,168,412	2,357,765
		<u>15,592,033</u>	<u>8,377,791</u>

7.1 Project assets

	Cost			Accumulated depreciation			Book value	Rate
	As at July 1, 2018	Additions	As at June 30, 2019	As at July 1, 2018	For the year	As at June 30, 2019	As at June 30, 2019	
	Rupees							
Computers and printers	9,632,405	1,289,850	10,922,255	5,176,929	2,676,578	7,853,507	3,068,748	30
Office equipment	5,208,465	-	5,208,465	4,160,755	155,896	4,316,651	891,814	10
Furniture and fixture	537,810	-	537,810	20,970	53,781	74,751	463,059	10
Year ended June 30, 2019	<u>15,378,680</u>	<u>1,289,850</u>	<u>16,668,530</u>	<u>9,358,654</u>	<u>2,886,255</u>	<u>12,244,909</u>	<u>4,423,621</u>	

	Note	2019 Rupees	2018 Rupees
8. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advance to employees against expenses		1,248,133	981,594
Advance to suppliers		274,160	-
Advance income tax		249,870	1,084,227
Prepaid expenses		2,335,133	2,857,822
Security deposits		1,266,204	9,107,431
Other receivable		4,088,904	2,903,139
		<u>9,462,404</u>	<u>16,934,213</u>
9. TAX REFUNDABLE DUE FROM GOVERNMENT			
Income tax refundable		2,203,053	1,118,837
Sales tax refundable		3,177,181	1,067,836
		<u>5,380,234</u>	<u>2,186,673</u>
10. CASH AND BANK BALANCES			
Cash in hand		401,240	40,363
Cash at bank			
- Current accounts		74,581,248	84,371,967
- Saving accounts	10.1	78,142,247	102,804,610
		<u>152,723,495</u>	<u>187,176,577</u>
		<u>153,124,735</u>	<u>187,216,940</u>
10.1	These balances carry markup at the rate ranging from 3.55% to 15.85% (2018:4%% to 5.30%) per annum		
11. AUDITORS' REMUNERATION		2019 Rupees	2018 Rupees
Audit fee		360,000	300,000
Out of pocket		40,000	22,000
		<u>400,000</u>	<u>322,000</u>
12. OTHER INCOME			
Income from financial assets:			
Profit on bank deposits		4,333,906	3,028,903
Profit on short term investment		1,912,274	1,809,260
Income from non financial assets:			
Training Income		719,829	-
Others		23,550	59,976
		<u>6,989,559</u>	<u>4,898,139</u>
13. TRANSFER FROM DEFERRED GRANT			
		This represents transfer of funds related to agreements with Mott Macdonald and world bank amounting to Rs. 24,558,602 and Rs. 1,652,540 respectively .	

14. SEGMENT WISE INCOME AND EXPENDITURE ACCOUNT

2019						
Note	The Punjab Economic Opportunities Program (BAT)	Self Selection In Storage Market	Higher Education Commission Project	Day Labour	Saving Through Digitization Project	The Punjab Economic Opportunities Program (PSDF)
Rupees						
Income						
4	10,328,384	722,199	124,914	825,484	71,311	9,294,268
Grants	-	-	-	-	-	-
General fund	-	-	-	-	-	-
Service income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Transferred from deferred grant	-	-	-	-	-	-
Exchange gain/loss	-	-	-	-	-	148,142
Amortization of capital grant	200,190	-	-	-	-	-
	10,528,574	722,199	124,914	825,484	71,311	9,442,410
Expenditure						
	6,105,990	59,839	121,950	656,350	-	6,031,933
Personal cost	2,652,000	350,000	-	-	-	-
Surveys expenses	-	-	-	-	-	-
CERP overheads	-	-	-	-	-	-
Consultancy charges	-	-	-	128,860	59,645	825,400
Travelling and conveyance	348,648	282,041	-	-	-	-
Office rent	1,217,796	-	-	18,637	-	285,508
Fees & subscription	-	2,635	-	11,650	-	175,883
Communication charges	-	17,681	-	-	-	1,230
Printing and stationery	-	-	-	-	-	317,286
Training charges	-	-	-	-	-	148,142
Depreciation	200,190	-	-	-	-	-
Legal & professional charges	-	-	-	513	-	1,590,954
Insurance	-	-	-	1,924	9,266	33,874
Meal and entertainment	3,950	7,455	-	-	-	-
Office supplies	-	1,140	-	-	-	-
Utilities	-	-	-	-	-	12,200
Repair and maintenance	-	-	2,954	-	2,400	-
Bank charges	-	-	-	3,450	-	-
Data entry charges	-	-	-	-	-	-
Call center	-	-	-	-	-	-
Auditors' remuneration	-	1,408	-	4,100	-	20,000
Miscellaneous expenses	-	-	-	-	-	-
	10,528,574	722,199	124,914	825,484	71,311	9,442,410
Surplus for the year before tax	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Surplus for the year	-	-	-	-	-	-

2019										
Restricted funds										
Trust in State Authority	Education Financing Project	Supporting BISP	THINK Project	Building Capacity to use Research Evidence	Preferences project	Property Tax Experiment in Punjab	Assets Transfer Project	Micro Literacy Project	Mobile Money Project	Women Mobility Project
Rupees										
4,762,404	56,385,623	4,466,636	3,506,867	35,130,704	23,907	15,561,905	15,997,658	64,000	12,067	53,139,321
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	457,054
-	-	-	-	-	-	-	-	-	-	-
-	(412,405)	156,118	228,000	-	-	163,702	386,229	-	-	(705,096)
-	1,144,608	71,880	25,050	9,474	-	240,473	61,126	102,870	-	416,248
4,762,404	57,117,826	4,684,633	3,759,917	35,140,178	23,907	15,966,080	16,445,012	166,870	12,067	53,307,527
2,834,919	27,947,981	3,438,266	403,728	9,524,478	-	6,392,390	1,910,952	64,000	-	17,910,527
359,544	6,393,130	-	3,028,084	16,119	-	1,943,579	9,600,000	-	-	23,505,195
-	7,073,786	757,246	-	-	-	2,674,412	4,785,478	-	-	4,195,927
-	714,491	-	-	20,380,415	-	880,943	-	-	-	-
1,013,402	6,997,748	301,051	27,028	946,524	-	1,138,764	2,552	-	-	2,148,382
-	352,600	-	-	1,085,000	-	118,473	-	-	-	988,993
184,232	1,127,156	30,928	144,873	142,323	13,907	876,774	58,359	-	12,067	1,138,431
11,770	1,349,715	53,538	106,045	51,870	10,000	241,557	18,928	-	-	1,861,470
55,260	2,024,155	4,260	10,821	342,371	-	1,004,362	-	-	-	169,216
6,000	760,980	-	-	2,421,542	-	250,620	-	-	-	10,980
-	1,144,608	71,880	25,050	9,474	-	240,473	61,126	102,870	-	416,248
-	-	-	-	-	-	-	-	-	-	-
13,203	153,151	11,299	923	10,455	-	117,325	5,201	-	-	186,862
130,634	672,960	9,331	1,900	35,010	-	63,778	-	-	-	115,532
20,600	21,191	-	-	11,000	-	2,359	-	-	-	288,510
-	43,747	-	-	151,860	-	-	-	-	-	89,903
-	37,686	2,500	-	-	-	3,980	-	-	-	32,200
-	13,203	4,044	8,027	7,737	-	4,396	2,417	-	-	12,472
4,150	159,543	-	-	4,000	-	7,300	-	-	-	13,800
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
128,690	129,995	290	3,438	-	-	4,595	-	-	-	222,879
4,762,404	57,117,826	4,684,633	3,759,917	35,140,178	23,907	15,966,080	16,445,012	166,870	12,067	53,307,527
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-

2019					2018		
Un-restricted funds							
Total	Analytics	Growth Monitoring Tool Project	General funds	Aggregate	Grant funds	General funds	Aggregate
Rupees				Rupees			
268,031,096	-	-	-	268,031,096	292,258,580	-	292,258,580
-	-	-	27,075,515	27,075,515	-	26,953,099	26,953,099
-	11,949,755	5,600,000	7,386,700	24,936,455	-	-	-
457,054	-	-	6,989,559	7,446,613	-	4,898,139	4,898,139
-	-	-	26,211,142	26,211,142	-	17,243,559	17,243,559
1,579,695	-	-	5,705,222	7,284,917	-	2,024,645	2,024,645
2,886,255	-	-	-	2,886,255	2,302,895	-	2,302,895
272,954,100	11,949,755	5,600,000	73,368,138	363,871,993	294,561,475	51,119,442	345,680,917
108,154,379	3,406,943	137,750	20,356,423	132,054,495	79,788,755	14,705,758	94,494,513
70,497,458	-	6,000	13,183,088	83,686,546	132,448,206	-	132,448,206
27,075,515	-	-	-	27,075,515	26,953,099	-	26,953,099
21,975,849	-	-	623,150	22,598,999	16,359,852	2,568,000	18,925,852
15,833,601	505,118	33,630	2,763,858	19,136,207	17,726,393	152,969	17,879,362
4,749,117	-	-	3,242,022	7,991,139	2,693,179	1,241,870	3,935,049
4,300,844	63,201	3,281	710,637	5,077,963	-	-	-
4,197,035	14,262	-	854,414	5,065,711	4,528,810	118,549	4,647,359
3,794,840	7,570	-	317,262	4,119,672	1,377,054	139,475	1,516,529
3,767,408	-	-	880,472	4,647,880	69,690	203,896	273,586
2,886,255	-	-	992,486	3,878,741	2,302,895	645,568	2,048,463
-	-	-	3,751,419	3,751,419	85,000	-	85,000
2,182,527	3,029	-	753,435	2,938,991	516,757	593,955	1,110,712
1,372,105	2,340	-	689,924	2,064,369	1,062,009	254,295	1,316,304
665,263	-	-	704,592	1,369,855	92,505	1,180,435	1,272,940
384,640	-	-	897,728	1,282,368	360,710	516,108	876,818
114,266	2,050	130,281	171,404	418,001	326,469	155,685	482,154
67,872	-	-	64,391	132,263	56,618	50,611	107,229
210,619	-	-	107,480	318,099	1,457,589	-	1,457,589
-	-	-	-	-	1,431,353	-	1,431,353
-	-	-	400,000	400,000	-	322,000	322,000
724,507	-	-	1,023,297	1,747,804	4,924,532	1,363,468	6,288,000
272,954,100	4,004,513	310,942	52,486,482	329,756,037	294,561,475	24,210,642	318,772,117
-	-	-	20,881,656	34,115,956	-	26,908,800	26,908,800
-	-	-	-	-	-	-	-
-	-	-	20,881,656	34,115,956	-	26,908,800	26,908,800

2019					2018		
Un-restricted funds							
Total	Analytics	Growth Monitoring Tool Project	General funds	Aggregate	Grant funds	General funds	Aggregate
Rupees				Rupees			
268,031,096	-	-	-	268,031,096	292,258,580	-	292,258,580
-	-	-	27,075,515	27,075,515	-	26,953,099	26,953,099
-	11,949,755	5,600,000	7,386,700	24,936,455	-	-	-
457,054	-	-	6,989,559	7,446,613	-	4,898,139	4,898,139
-	-	-	26,211,142	26,211,142	-	17,243,559	17,243,559
1,579,695	-	-	5,705,222	7,284,917	-	2,024,645	2,024,645
2,886,255	-	-	-	2,886,255	2,302,895	-	2,302,895
272,954,100	11,949,755	5,600,000	73,368,138	363,871,993	294,561,475	51,119,442	345,680,917
108,154,379	3,406,943	137,750	20,356,423	132,054,495	79,788,755	14,705,758	94,494,513
70,497,468	-	6,000	13,183,088	83,686,546	132,448,206	-	132,448,206
27,075,515	-	-	-	27,075,515	26,953,099	-	26,953,099
21,975,849	-	-	623,150	22,598,999	16,359,852	2,568,000	18,925,852
15,833,601	505,118	33,630	2,763,858	19,136,207	17,726,393	152,969	17,879,362
4,749,117	-	-	3,242,022	7,991,139	2,693,179	1,241,870	3,935,049
4,300,844	63,201	3,281	710,637	5,077,963	-	-	-
4,197,035	14,262	-	864,414	5,065,711	4,528,810	118,549	4,647,359
3,794,840	7,570	-	317,262	4,119,672	1,377,054	139,475	1,516,529
3,767,408	-	-	880,472	4,647,880	69,690	203,896	273,586
2,886,255	-	-	992,486	3,878,741	2,302,895	645,568	2,948,463
-	-	-	3,751,419	3,751,419	85,000	-	85,000
2,182,527	3,029	-	763,435	2,938,991	516,757	693,955	1,110,712
1,372,105	2,340	-	689,924	2,064,369	1,062,009	254,295	1,316,304
665,263	-	-	704,592	1,369,856	92,505	1,180,435	1,272,940
384,640	-	-	897,728	1,282,368	360,710	516,108	876,818
114,266	2,050	130,281	171,404	418,001	326,469	155,685	482,154
67,872	-	-	64,391	132,263	56,618	50,611	107,229
210,619	-	-	107,480	318,099	1,457,589	-	1,457,589
-	-	-	-	-	1,431,353	-	1,431,353
-	-	-	400,000	400,000	-	322,000	322,000
724,507	-	-	1,023,297	1,747,804	4,924,532	1,363,468	6,288,000
272,954,100	4,004,513	310,942	52,486,482	329,756,037	294,561,475	24,210,642	318,772,117
-	-	-	20,881,656	34,115,956	-	26,908,800	26,908,800
-	-	-	-	-	-	-	-
-	-	-	20,881,656	34,115,956	-	26,908,800	26,908,800

	2019 Rupees	2018 Rupees
15. FINANCIAL INSTRUMENTS BY CATEGORIES		
Financial assets as per statement of financial position -		
At Amortized cost		
Long term deposits	12,317,727	1,477,204
Trade receivable	16,690,000	-
Grant receivable	71,507,245	40,340,017
Advances and other receivables	6,603,241	12,992,164
Cash and bank balances	153,124,735	187,216,940
	<u>260,242,948</u>	<u>242,026,325</u>
Financial liabilities as per statement of financial position -		
At Amortized cost		
Creditors and other payables	<u>49,135,128</u>	<u>68,379,692</u>
	<u>49,135,128</u>	<u>68,379,692</u>

16. FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

16.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk of the Company arises principally from the advances, long term deposits, and other receivables.

The Company's credit risk exposures are categorized under the following headings:

Counterparties

The Company conducts transactions with the following major types of counterparties:

Banks

The Company limits its exposure to credit risk by conducting transactions only with reputable banking entities that have minimum "A" credit rating. The table below shows bank balance held with counterparties at reporting date:

Bank	Rating		Rating agency	2019	2018
	Short term	Long term		Rupees	
Meezan Bank Limited	AA+	A-1+	JCR-VIS	51,553,461	23,214,017
Bank Alfalah Limited	AA+	A-1+	PACRA	201,689	202,304
Standard Chartered Bank Limited	AAA	A-1+	PACRA	100,672,567	163,464,585
Silk Bank Limited	A-2	A-	JCR-VIS	5,207	5,092
Telenor Microfinance Bank Limited	A-1	A+	JCR-VIS	290,579	290,579
				152,723,503	187,176,577

Exposure to credit risk

The carrying amounts of financial assets represent the maximum associated credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 Rupees	2018 Rupees
Financial assets		
Bank balances	152,723,495	187,176,577
Long term deposits	12,317,727	1,477,204
Trade receivable	16,690,000	-
Grant receivable	71,507,245	40,340,017
Advances and other receivables	6,603,241	12,992,164
	259,841,708	241,985,962

Impairment losses

Based on age analysis, relationship with customers and past experience, the management does not expect any party to fail to meet their obligations and hence no impairment allowance is required.

16.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective mark up rate please see relevant notes to these financial statements.

Financial liabilities in accordance with their contractual maturities are presented below:

	2019				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
Trade and other payables	38,554,103	38,554,103	38,554,103	-	-
	38,554,103	38,554,103	38,554,103	-	-

----- Rupees -----

	2018				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----- Rupees -----				
Trade and other payables	58,598,156	58,598,156	58,598,156	-	-
	<u>58,598,156</u>	<u>58,598,156</u>	<u>58,598,156</u>	<u>-</u>	<u>-</u>

16.3 Market risk

Market risk is the risk that changes with market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

16.4 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arises from

transactions and balances in currencies other than PKR. The Company's potential currency exposure comprises:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure are incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

The Company is exposed to currency risk on account of foreign currency bank accounts and trade and other payable. The Company's exposure to foreign currency risk for US Dollar and Pound Sterling is as follows based on notional amounts:

	----- 2019 -----		
	Rupees	US\$	GBP
Cash and cash equivalents	75,468,090	336,493	73,941
Trade and other payables	29,761,548	177,005	-
Statement of financial position exposure	<u>105,229,638</u>	<u>513,498</u>	<u>73,941</u>
	----- 2018 -----		
	Rupees	US\$	GBP
Cash and cash equivalents	15,722,443	128,076	1,092
Trade and other payables	17,053,359	140,472	-
Statement of financial position exposure	<u>32,775,802</u>	<u>268,548</u>	<u>1,092</u>

	2018				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----- Rupees -----				
Trade and other payables	58,598,156	58,598,156	58,598,156	-	-
	<u>58,598,156</u>	<u>58,598,156</u>	<u>58,598,156</u>	<u>-</u>	<u>-</u>

16.3 Market risk

Market risk is the risk that changes with market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

16.4 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arises from

transactions and balances in currencies other than PKR. The Company's potential currency exposure comprises;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure are incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

The Company is exposed to currency risk on account of foreign currency bank accounts and trade and other payable. The Company's exposure to foreign currency risk for US Dollar and Pound Sterling is as follows based on notional amounts:

	----- 2019 -----		
	Rupees	US\$	GBP
Cash and cash equivalents	75,468,090	336,493	73,941
Trade and other payables	29,761,548	177,005	-
Statement of financial position exposure	<u>105,229,638</u>	<u>513,498</u>	<u>73,941</u>
	----- 2018 -----		
	Rupees	US\$	GBP
Cash and cash equivalents	15,722,443	128,076	1,092
Trade and other payables	17,053,359	140,472	-
Statement of financial position exposure	<u>32,775,802</u>	<u>268,548</u>	<u>1,092</u>

The following significant exchange rates have been applied:

	Average rate		Reporting date mid spot rate	
	2019	2018	2019	2018
	----- Rupees -----			
Rupee to US \$	121.4	113.1	121.4	121.4
Rupee to GBP	159.4	147.6	159.36	159.4

Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2019 would have increased loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2018.

	2019 Rupees	2018 Rupees
Effect on loss for the year:		
US \$ to Rupee		
Increase in loss for the year	<u>4,085,025</u>	<u>1,554,843</u>
GBP to Rupee		
Increase in loss for the year	<u>1,178,324</u>	<u>17,402</u>

A 10 percent strengthening of the Pak Rupee against the US dollar at June 30, 2018 would have had the equal but opposite effect on foreign currency to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

17. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration including all benefits to Chief Executive, Directors and Executives of the Company are as follows:

	2019		2018	
	Chief Executive	Executives	Chief Executive	Executives
	----- Rupees -----			
Remuneration	7,502,045	60,937,745	3,428,513	37,907,807
Perquisites				
Medical allowance	872,727	6,204,270	403,519	4,112,209
Income tax	1,225,228	1,104,957	606,678	3,214,283
Reimbursement of expenses	537,939	-	1,807,280	-
	<u>10,137,939</u>	<u>68,246,972</u>	<u>6,245,990</u>	<u>45,234,299</u>
Number of persons	1	35	1	33

18. NUMBER OF EMPLOYEES

The average and total number of employees during the year ended June 30, 2019 and June 30, 2018 are as follows:

	2019	2018
	Number of employees	
Average number of employees	<u>94</u>	<u>70</u>
Total number of employees	<u>118</u>	<u>70</u>

19. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation wherever necessary.

Reclassified from	Reclassified to	Amount (Rs.)	Reason
Deferred grant - income based	Grant receivable	40,340,017	For better presentation

20. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 14-Nov-2019 by the Board of Directors of the Company.

21. GENERAL

The corresponding figures have been re-arranged / re-classified, where necessary, for the purpose of comparison. However, no significant re-classification has been made during the year. Except mentioned in note 19 above

Figures have been rounded off to the nearest rupee.

DYA



Chief Executive Officer



Director

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