

2019-2020

Annual Report

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

Table of Contents

Director's Note	03
About CERP	07
Implementing Partners	08
Donors	08
Network Affiliates	09
General Body and Board of Directors	09
Finance and Audit Committee	10
Admin Policy Committee	10
Company Secretary	10
Auditors	10
Financial Consultants	11
Legal Advisers	11
Financial Statements	12



Director's Note

This was an unprecedented and challenging year for many around the world; countless innocent lives lost, livelihoods severely affected, immense learning losses experienced by students, and unequal access to technology exacerbated the digital divide. CERP and institutions like us had an important role to play. While we admired the tireless work of front-line healthcare professionals, law enforcement, and other essential service providers, we felt it was incumbent upon us to bring our skills to bear in informing rapid public policy response during the pandemic.

We worked with multiple stakeholders including global academic institutions, government officials, private sector entities, non-profit / social sector, and hospitals to launch several Covid-19 response projects. For example, we led a consortium of twelve globally recognised policy research and academic institutions to create a comprehensive evidence-based policy framework (Smart Containment with Active Learning) that not only received international recognition, but also helped local governments in Pakistan, parts of Africa and Middle East implement some of the recommendations.

Despite facing an adaptive environment both at the institutional and national level, we launched an evidence based Policy Advisory practice to bridge the gap between research and policy making. In a few short months, Policy

Advisory successfully developed a diverse portfolio of public and private sector clients including a Fortune 10 company, public health experts, humanitarian organisations, and our first collaboration with a research institution based in Beijing. We further built on our work in Data Analytics across public and private sectors. For example, winning a major project to design and implement data systems with the Sub-National Governance (SNG) program to improve property tax collection and monitoring in Punjab. The survey unit at CERP recorded its most significant year in terms of scale and breadth of data collection with their engagements in KP and elsewhere. Most significantly, they adapted tremendously well to shift from in-person field work to phone-based surveys which was recognised by the World Bank and SurveyCTO.



The Executive Education team at CERP, despite being adversely affected by the lockdowns, pivoted to on-line course delivery while developing a new course merging policy analysis with leadership and negotiation skills to equip participants with the capacity to do the hard work of being effective change agents. It also delivered numerous trainings during the 2019-20 fiscal year with three different sessions of Leading Thinking Firms in partnership with YPO, a 5-day course on Evidence Based Program Design (EBPD) and continuing with BCURE engagement at the National School of Public Policy (NSPP).

CERP Labs, a high-performance impact driven technology team, built on the foundation from the previous year to develop complex software components to help scale our research insights and create unique data visualisation solutions for the World Bank. Most significantly, CERP Labs was instrumental in launching our multi-month Economic Vulnerability Assessment to better understand the impact of lockdowns and the pandemic. It captured the income shock faced by the most vulnerable communities across Pakistan, the silent menace of mental health, the effects of unemployment and pay cuts on families, the rising food insecurity to inform policy responses like cash transfers and relief programs.

Below are some highlights from this fiscal year:

- **Pakistan Development Forum 2019**

CERP's inaugural conference, Pakistan Development Forum, co-hosted with Evidence for Policy Design (EPoD) at Harvard Kennedy School (HKS), successfully concluded in the month of October last year. The conference proved to be a great platform for unlocking real policy solutions to Pakistan's macroeconomic woes by convening policymakers, business leaders, renowned academics, and nobel laureates under one roof. The conference deliberated on the state of Pakistan's economic growth in wake of the recent IMF bailout package. Pakistan's top finance officials conversed with academics on the monetary and fiscal policy choices made by the government this year to counter the tough economic situation.



- **CERP Research Fellows win the 2019 Nobel Prize in Economic Sciences**

Abhijit Banerjee, Esther Duflo, and Michael Kremer, Research Fellows at CERP, have been awarded the 2019 Nobel Prize in Economic Sciences for the introduction of a new experiment-based approach to alleviate global poverty. Their experimental research methods now dominate the world of development economics and have the potential to improve the life of disadvantaged people.

- **Market Research and Analytics for Taleem Finance Company Limited**

Taleem Finance Company Ltd (TFCL), a non-banking financial institution entered into an exciting collaboration with CERP on November 8, 2019. The collaboration intends to collect market data and knowledge for TFCL along with providing high-powered insights and performing predictive analytics on the collected data.



- **Research Fellow Eliana La Ferrara Awarded the Birgit Grodal Award 2020**

The Birgit Grodal Award 2020 has been awarded to Eliana La Ferrara, Research Fellow at CERP, for her significant contributions in studying the role of trust, norm enforcement, and identity in economics. Her work brings theoretical insights to data in innovative ways to provide robust empirical evidence on these issues. She is an excellent communicator, and has provided important leadership, most recently in terms of creating a thriving European Job Market.

- **CERP Talks with Professor Lant Pritchett**

CERP hosted renowned development economist, Professor Lant Pritchett under the banner of CERP Talks on 6th February, 2020.



- **Long-term effects of disasters and related school closures on children**

A new [working paper](#) written by [Dr. Tahir Andrabi](#), Co-founder and Board Member CERP, [Dr. Jishnu Das](#), Research Fellow at CERP, and [Benjamin Daniels](#), Research Fellow in the guide group at [Georgetown University](#), looks into the devastating effects of the earthquake that occurred in Northern Pakistan in 2005.

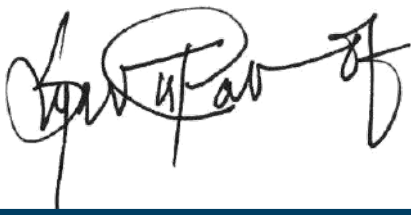
- **COVID-19 Response at CERP**

CERP launched 9 new projects in response to the pandemic.

- [Smart Containment Policy Response](#)
- [Social Protection Policy Response](#)
- [Social Protection Labour Markets](#)
- [Economic Vulnerability Assessment](#)
- Food Insecurity Hotspot Analysis (World Bank)
- [Digital Education Response](#)
- [Mosque/Imam Outreach](#)

I am most proud of the fact that our projects this year involved the entire breadth of the organisation in new and unique ways. CERP Fellows / Principal Investigators, Board Members, Management, Project / Program Leads, Data Analysts, Developers, Research Associates, Research Assistants, and our Survey team including field staff selflessly devoted themselves to their work to not only enhance the impact of what we were already doing, but also support each other in going beyond it to support our work in real-time with the government on Covid policy response. We also launched CERP Charity Drive that donated food ration to 170 families, provided monetary assistance to 150 families, and delivered 670 PPE suits for front-line health professionals in various hospitals.

Above all, the work we did this year gave us the opportunity to see our mission through and have the kind of impact we always aspired to have. We are even more determined to do what we must to drive impact in Pakistan, add to global knowledge and be a catalyst for change.



Maroof A. Syed
President and CEO

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 recognised empirical research in Pakistan. They decided to come together to form an organisation that focused on generating this 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, survey, executive education, analytics, and advisory services.

Our 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 (replaced with the enactment of the Companies Act, 2017) 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)
- TeleTaleem
- 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
- Oxford University Press
- Tameer Micro Finance Bank
- Civil Services Academy
- National School of Public Policy (NSPP)
- Punjab Social Protection Authority
- Social Welfare Department Punjab
- Idara-e-Taleem-o-Aagahi
- Elementary & Secondary Education Department, Khyber Pakhtunkhwa

DONORS

- DFID UK
- World Bank
- Harvard University
- J-Pal at MIT
- IPA (Innovations for Poverty Action)
- Private Enterprise Development in Low Income Countries (PEDL)
- Duke University
- IGC at London School of Economics
- Asian Development Bank (ADB)
- J-Pal South Asia at IFMR
- Punjab Skill Development Fund (PSDF)
- United National Development Programme
- Aman Foundation
- Princeton University
- Marshall Foundation
- Malala Fund
- JICA
- CID at Harvard University
- Punjab Commission on the Status of Women (PCSW)
- International Initiative for Impact Evaluation (3ie)
- National Bureau of Economic Research (NBER)
- New York University
- Oxford University
- Columbia University
- British Asian Trust (BAT)
- Precision Agriculture for Development (PAD)
- UBS Optimus Foundation
- University College London (UCL)
- Pomona College
- University of Essex
- IZA - Institute of Labor Economics
- Stanford University
- Habib Bank Limited (HBL)
- UC Berkeley

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
- Consortium for Development Policy Research (CDPR)

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 A. Syed

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

Dr. Asim Ijaz Khwaja

Chairman of the Board, CERP
Professor of Public Policy, Harvard University,
Faculty Director at Centre for International
Development, Harvard Kennedy School
PhD Economics, Harvard University.

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 at Centre for International Development,
Harvard Kennedy School
PhD Economics, Queens University.

Dr. Tahir Andrabi

Professor of Economics, Pomona College,
PhD Economics, Massachusetts Institute of
Technology

Finance and Audit Committee

Dr. Ali Cheema

Chair / Member of Board of Directors

Naeem Sheikh

Financial Consultant

Umber Iqbal

Director Finance

Dr. Atif Mian

Member of Board of Directors

Admin Policy Committee

Dr. Ali Cheema

Chair / Member of Board of Directors

Dr. Atif Mian

Member of Board of Directors

Dr. Adnan Q. Khan

Member of Board of Directors

Wasif Ali Mullick

Associate Director Operations

Company Secretary

Wasif Ali Mullick

Associate Director Operations

Auditors

EY FORD Rhodes

96-B/1 Pace Mall Building,
4th Floor, M. M. Alam Road,
Gulberg II, Lahore 54660.

https://www.ey.com/en_gl

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.

Contact No: +92 (42) 7599938.

<http://www.uhy-hnco.com/hnco/>

Legal Advisers

Axis Law Chambers

5-S, Gulberg II, Lahore.

Contact No: +92 (42) 35750930-32

<http://www.axislaw.pk>



FINANCIAL STATEMENTS

For the year ended 30 June, 2020



CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020

EY Ford Rhodes
Chartered Accountants
96-B-I, 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11



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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

Opinion

We have audited the accompanying financial statements of Centre for Economic Research in Pakistan ("the Company") which comprise of the statement of financial position as at 30 June 2020 and the statement of income and expenditure, statement of comprehensive income, the statement of accumulated fund and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure, statement of comprehensive income, the statement of accumulated fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the deficit and comprehensive loss, the accumulated fund and its cash flows for the year then ended.

Basis of 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 Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved 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 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 operation, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

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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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure account, 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 deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of Centre for Economic Research in Pakistan for the year ended June 30, 2019 were audited by another auditor who expressed an unqualified opinion on those statements on November 14, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sajjad Hussain Gill.


Chartered Accountants
Lahore: 6 November 2020

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
(A company setup under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 Rupees	30 June 2019 Rupees Restated	As at 01 July 2018 Rupees Restated
FUNDS AND LIABILITIES				
Accumulated fund				
Restricted fund				
Deferred grant - Income based	6	99,590,331	101,113,339	78,364,397
Deferred grant - Capital based		4,284,850	4,423,621	6,020,026
		103,875,181	105,536,960	84,384,423
General fund				
		116,734,304	120,371,821	85,553,431
		220,609,485	225,908,781	169,937,854
Non-current liabilities				
Lease liabilities	7	23,547,848	-	-
Current liabilities				
Current portion of lease liability	7	5,029,720	-	-
Creditors and other payables	8	53,180,115	61,369,147	86,594,984
Contingencies and commitments	8	-	-	-
		302,367,168	287,277,928	256,532,838
ASSETS				
Non-current assets				
Property and equipment	9	20,965,666	16,489,037	8,377,791
Right of use assets	11	25,908,371	-	-
Long term deposits		15,311,672	13,026,728	1,477,204
Long term loans		1,475,001	602,926	-
		63,660,710	30,118,691	9,854,995
Current assets				
Advances, prepayments and other receivables	12	6,034,855	6,981,698	16,934,213
Trade receivable		12,047,531	17,609,000	-
Grant receivable	6	58,511,745	69,422,273	40,340,017
Tax refundable due from Government	13	9,453,744	10,021,531	2,186,673
Cash and bank balances	14	152,658,583	153,124,735	187,216,940
		238,706,458	257,159,237	246,677,843
		302,367,168	287,277,928	256,532,838

The annexed notes 1 to 29 form an integral part of these financial statements.


Chief Executive Officer



Director

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
(A company setup under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020			2019
		Restricted	Unrestricted	Aggregate	Aggregate
		Rupees			Restated
INCOME					
Grants	15	264,951,090	-	264,951,090	268,031,096
General fund		-	40,183,965	40,183,965	27,075,515
Service income	19	-	47,823,158	47,823,158	25,656,284
Other income	18	3,254,445	13,455,170	16,709,615	6,726,784
Transferred from deferred grant		-	-	-	26,211,142
Exchange gain		2,111,946	-	2,111,946	7,284,917
Amortization of capital grant	10.1	2,683,217	-	2,683,217	2,886,255
		273,000,698	101,462,293	374,462,991	363,871,993
LESS: EXPENDITURE					
Direct expenses	15,16	(272,603,988)	(53,119,037)	(325,723,025)	(294,859,642)
Administrative expenses	17	-	(47,466,993)	(47,466,993)	(34,896,395)
Finance cost		(396,710)	(4,513,780)	(4,910,490)	-
		(273,000,698)	(105,099,810)	(378,100,508)	(329,756,037)
(Deficit) / surplus before tax		-	(3,637,517)	(3,637,517)	34,115,956
Taxation	20	-	-	-	-
(Deficit) / surplus after tax		-	(3,637,517)	(3,637,517)	34,115,956

The annexed notes 1 to 29 form an integral part of these financial statements.


Chief Executive Officer


Director

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
 (A company setup under Section 42 of the Companies Act, 2017)
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2020

	2020 Rupees	2019 Rupees Restated
(Deficit) / Surplus for the year	(3,637,517)	34,115,956
Other comprehensive income:		
Items that will be reclassified to income and expenditure in subsequent periods	-	-
Items that will not be reclassified to income and expenditure in subsequent periods	-	-
Total other comprehensive income	-	-
Total comprehensive (Deficit) / Surplus for the year	<u>(3,637,517)</u>	<u>34,115,956</u>

The annexed notes 1 to 29 form an integral part of these financial statements.


 Chief Executive Officer


 Director

Centre for Economic Research in Pakistan
(A company setup under Section 42 of the Companies Act, 2017)
Statement of Accumulated Fund
For the Year Ended 30 June 2020

	Deferred grant income based	Grant assets project asset based	General fund	Total
	Restricted		Un-restricted	
----- Rupees -----				
As at 30 June 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
Capital expenditure	(1,289,850)	1,289,850	-	-
Grant utilized during the year	(268,031,096)	-	-	(268,031,096)
Other adjustments	-	-	9,760	9,760
Amortization for the year	-	(2,886,255)	-	(2,886,255)
Transfer to general funds	(26,211,142)	-	-	(26,211,142)
	20,238,066	(1,596,405)	9,760	18,651,421
Surplus for the year	-	-	34,115,956	34,115,956
As at 30 June 2019 - as previously reported	98,602,463	4,423,621	119,679,147	222,705,231
Effect of restatements (Note-5)				
Offsetting of deferred grant and grant receivable	(2,084,972)	-	-	(2,084,972)
Depreciation	572,076	-	325,019	897,095
Input sales tax	4,023,772	-	367,655	4,391,427
	101,113,339	4,423,621	120,371,821	225,908,781
Balance as at 01 July 2019 - restated	101,113,339	4,423,621	120,371,821	225,908,781
Grants received during the year	279,588,263	-	-	279,588,263
Grants accrued during the year	-	-	-	-
Capital expenditure	(2,544,446)	2,544,446	-	-
Funds utilized during the year	(264,951,090)	-	-	(264,951,090)
Other adjustments	(13,615,735)	-	-	(13,615,735)
Amortization for the year	-	(2,683,217)	-	(2,683,217)
	(1,523,008)	(138,771)	-	(1,661,779)
Deficit for the year	-	-	(3,637,517)	(3,637,517)
As at 30 June 2020	99,590,331	4,284,850	116,734,304	220,609,485

The annexed notes 1 to 29 form an integral part of these financial statements.


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 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees Restated
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit) / excess of income over expenditure for the year		(3,637,517)	34,115,956
Adjustments for non cash items:			
Depreciation of property and equipment	15	5,634,275	3,878,741
Amortization of right of use asset	11	6,758,705	-
Finance cost	7	4,910,490	-
Exchange gain/ (loss)	15	(1,633,239)	-
Prior year adjustments		-	9,760
		15,670,231	3,888,501
Cash flows before working capital changes		12,032,714	38,004,457
Changes in working capital			
Decrease / (Increase) in current assets			
Advances prepayments & other receivables	12	946,843	7,471,809
Trade Receivables		5,561,469	(16,690,000)
Grant Receivable	6	10,910,528	(31,167,228)
Tax refundable due from government	13	567,787	(3,193,561)
		17,986,627	(43,578,980)
(Decrease) in current liabilities			
Creditors and other payables	7	(8,189,032)	(25,225,837)
Net cash flows from operating activities	A	21,830,309	(30,800,360)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	9.1, 9.2	(10,110,901)	(11,092,983)
Long term deposits	12	(2,284,944)	(10,840,523)
Long term loans		(872,075)	-
Net cash outflow from investing activities	B	(13,267,920)	(21,933,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease Liability	7	(9,000,000)	-
Unutilized grants		(1,661,780)	18,641,661
Net cash generated from / (used in) financing activities	C	(10,661,780)	18,641,661
Exchange gain/ (loss)		1,633,239	-
Net (decrease) in cash and cash equivalents (A+B+C)		(466,152)	(34,092,205)
Cash and cash equivalents at beginning of year		153,124,735	187,216,940
Cash and cash equivalents at end of year		152,658,583	153,124,735

The annexed notes 1 to 29 form an integral part of these financial statements.


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 30 JUNE, 2020

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 04 January, 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.

1.3 Impact of COVID-19 on the financial statements

The World Health Organization declared COVID-19 a global pandemic on 11 March 2020. Accordingly, on 20 March 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts. The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation. Further, subsequent to year end, the situation is improved with the easing of lock down and re-opening of the businesses.

The management has assessed the impact of the COVID-19 on the financial statements and concluded that there is no material financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures.

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 Organizations (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 Changes in accounting policies and estimates

2.2.1 Standards, amendments and interpretations to accounting standards that are effective in the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on 01 July 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

a) IFRS 16, 'Leases'

IFRS 16 supersedes 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'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Whereas, for lessees all leases will be classified as finance leases only.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 01 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying standard recognized at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 as of 01 July 2019. The new accounting policies are disclosed in Note 3.10 to these financial statements.

Before the adoption of IFRS 16, the Company had to classify each of its operating lease arrangement (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in statement of income and expenditure on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments and trade and other payables, respectively.

On adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the lessee's incremental rate of borrowing as of 01 July 2019. The lessee's incremental rate of borrowing applied to the lease liabilities on 01 July 2019 was 16.09% per annum. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

The following summary reconciles the Company's operating lease commitments at 30 June 2019 as previously disclosed in the Company's annual financial statements as at 30 June 2019 to the lease liabilities recognized on initial application of IFRS 16 at 01 July 2019.

	Rupees
Operating lease commitments as at 30 June 2019	47,520,750
Lessee's incremental borrowing rate at the date of application	16.09%
Liabilities against assets subject to lease recognized as at 01 July 2019	<u>32,667,078</u>
Maturity:	
Current portion	4,089,510
Non-current portion	28,577,568
Liabilities against assets subject to lease recognized as at 01 July 2019	<u>32,667,078</u>

2.2.2 Standards, amendments to accounting standards and improvements to accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

Standards and IFRIC	Effective date (accounting periods beginning on or after)	
IAS 1	Clarification regarding classification of current and non-current liabilities	01 January 2022
IFRS 3	Definition of a business (Amendments)	01 January 2020
IAS1&IAS8	Definition of material (Amendments)	01 January 2020
IFRS 7 & IFRS 9	Financial instruments - Amendments regarding pre-replacement issues in the context of the (IBOR)	01 January 2020
IFRS 14	Regulatory Deferral Accounts	01 July 2019
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not Yet Finalized

The management expects that the adoption of above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above new standards and amendments to standards, improvements to various accounting standards have also been issued by the IASB in March 2018. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020. The Company expects that such improvements to the standards will not have any material impact on the its financial statements in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standards		Effective date (accounting periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17	Insurance Contracts	01 July 2023

3 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

3.1 Significant estimates and judgements

The preparation of financial statements, in conformity with the approved accounting standards, requires the use of certain significant accounting estimates. It also requires the management to examine its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experiences, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements and where judgment was exercised in the application of relevant accounting policies are as follows:

- Depreciation method, rates and useful lives of property and equipment;
- Lease term and discount rates for leases;
- Impairment of non financial assets;
- Impairment of financial assets; and
- Provisions and contingencies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Accumulated fund

4.1.1 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.

4.1.2 General fund

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

4.2 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 statement of income and expenditure 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 statement of income and expenditure.

4.3 Impairment of non-financial asset

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. Impairment losses of continuing operations are recognized in the statement of income and expenditure consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income and expenditure unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

4.4 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.

4.5 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

4.6 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.

4.7 Revenue from contracts with customer

The Company recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

- | | |
|---------------|---|
| Step-1 | Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met. |
| Step-2 | Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer. |
| Step-3 | Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts |
| Step-4 | Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation. |
| Step-5 | Recognize revenue when (or as) the Company satisfies a performance obligation. |

Mentioned below are different revenue streams of the Company and their terms of recognition of revenue after satisfying all the five steps of revenue recognition in accordance with IFRS 15

a) Service income

Service income, in relation to contracts for provision of various services is recognized at point over time basis when the relevant performance obligations are satisfied under the contract.

4.8 Taxation

The Company is 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.

4.9 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 statement of income and expenditure.

4.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

i) Right-of-use assets

The Company recognizes right-of-use assets from commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.11 Financial instruments – initial recognition and subsequent measurement

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.

Financial assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through statement of income and expenditure.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through statement of income and expenditure and other comprehensive income.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in statement of income and expenditure and other comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables, grant receivable, advances, prepayments and other receivables included under current assets.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of income and expenditure and other comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of income and expenditure and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets for which it has elected to classify irrevocably under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income and expenditure and other comprehensive income.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of income and expenditure when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through statement of income and expenditure. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

The Company does not have any financial assets for which it has elected to classify irrevocably under this category.

iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of income and expenditure and other comprehensive income, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and lease liabilities.

ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through statement of income and expenditure and other comprehensive income
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through statement of income and expenditure and other comprehensive income

Financial liabilities at fair value through statement of income and expenditure and other comprehensive income include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of income and expenditure.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of income and expenditure and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through statement of income and expenditure and other comprehensive income.

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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 and other comprehensive income.

This category applies to lease liabilities, creditors, accrued and other liabilities.

iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income and expenditure and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

5 PRIOR PERIOD ERRORS

Following errors have been reported in the prior year financial statements:

5.1 Input Sales Tax

The company is a registered service provider with the Punjab Revenue Authority and files its sales tax returns on a regular basis. In prior year, the management of the company has claimed input sales tax amounting to Rs. 4,391,427, however, no input tax asset has been recognised in the financial statements as at 30 June 2019. On account of this error, the expenses to which this amount pertains have been overstated by the said amount.

5.2 Excess Depreciation

The management has erroneously charged depreciation amounting to Rs. 897,095 on fully depreciated assets, consequently the error has resulted in the overstatement of prior year depreciation expense, accumulated depreciation and understatement of the year end net book value balances as at 30 June 2019.

5.3 Offsetting of grant receivable and deferred grant

In prior year, the management of the company has recognized grant receivable and deferred grant against the same project and the same donor. This is not in accordance with the requirements of Conceptual Framework for Financial Reporting.

The management has restated the amounts presented in prior years and has presented a third column in the statement of financial position in accordance with the requirements of applicable IFRS. The summarized impact of these restatements on each head of account has been presented below:

	Property and equipment (NBV)	Deferred grant - Income based	Tax Refundable due from Government	Grant receivable
As at 01 July 2019 - Previously reported	15,591,942	98,602,463	-	71,507,245
Effect of restatements:				
Recognition of input tax asset	-	4,023,772	4,391,427	-
Reversal of accumulated depreciation - Owned assets	325,019	-	-	-
Reversal of accumulated depreciation - Project assets	572,076	572,076	-	-
Offsetting of deferred grant and grant receivable	-	(2,084,972)	-	(2,084,972)
As at 01 July 2019 - As restated	16,489,037	101,113,339	4,391,427	69,422,273

Deferred grant - Income based

Donor	Project	At July 01, 2019 (Restated)		Grant received during the year	Grants utilized			At June 30, 2020		
		Opening grants-advances received	Opening grants receivable		Income for the year	Capitalization	Other adjustments	Total	Closing grants-advances received	Closing grants receivable
Punjab Skills Development Fund/The British Asian Trust	The Punjab Economic Opportunities Program	30,061,547	(4,279,559)	33,934,268	(57,582,910)	-	7,059,856	(50,523,014)	9,193,242	-
World Bank Group	The Punjab Economic Program-Retention money Center for Learning on Evaluation and Results Trust in State Authority Education Finance Project	-	(20,435,852)	-	-	-	(7,875,040)	(7,875,040)	-	(28,310,892)
Harvard University/MIT	Preferences Project	12,295,609	-	-	(3,166,632)	(274,400)	-	(3,441,032)	8,854,577	-
Mott Macdonald/Harvard University/Research On Improving Systems Of Education	Social Compact Project	15,238,443	-	62,842,078	(58,293,245)	(1,725,766)	(704,543)	(60,723,654)	30,945,607	(13,568,740)
Harvard University/LSE	Social Norms Project	267,647	-	-	(143,841)	-	-	(143,841)	123,806	-
MIT/Harvard University/LSE	Assets Transfer Project	14,510,037	(3,141,382)	22,736,736	(25,517,583)	-	-	(25,517,583)	10,911,728	(2,323,920)
University Of Oxford	Microbe Literacy Project	3,683,957	-	6,016,711	(14,275,420)	-	-	(14,275,420)	-	(4,574,752)
University College London/LSE	Mobile Money Project	11,488,776	(7,016,724)	7,016,724	(2,831,366)	-	-	(2,831,366)	8,557,410	-
USB Optimus Foundation	Barriers to Industrial Upgrading	85,619	-	-	-	-	-	-	85,619	-
Innovation For Poverty Action/London School Of Economics/(LSE)	Political Connections	4,446	-	-	(8,741)	-	-	(8,741)	-	(4,295)
Columbia University	Self selection in Storage Market	6,420,848	-	-	(3,222,760)	-	-	(3,222,760)	3,197,888	-
Massachusetts Institute Of Technology/(MIT)	Day Labour	719,596	-	3,685,390	(3,172,814)	-	-	(3,172,814)	1,232,172	-
Michigan State University	National Outreach Program	82,098	-	-	-	-	-	-	82,098	-
Private Enterprise Development In Low-Income Countries/ London School Of Economics	Building Capacity to use Research Evidence	2,837,135	-	2,939,448	(2,593,924)	-	-	(2,593,924)	3,182,659	-
Goeth University Frankfurt	Benazir Income Support Program	778,570	-	-	(710,622)	-	-	(710,622)	67,948	-
Harvard University/United Nations Development Program	Think Project	55,461	(14,103,127)	27,426,564	(15,276,300)	-	(143,334)	(15,419,634)	-	(2,040,636)
Harvard University/MIT	Public Procurement Project	606,081	(1,959,751)	12,891,130	(11,613,800)	(84,000)	-	(11,697,800)	-	(60,340)
New York University	Public Procurement Project	-	(157,443)	2,726,767	(2,322,982)	-	-	(2,322,982)	246,342	-
London School Of Economics/Massachusetts Institute Of Technology	Sub total	-	(143,635)	-	-	-	-	-	-	(143,635)
	A	99,135,670	(51,237,473)	182,315,916	(200,832,940)	(2,084,166)	(1,663,121)	(204,580,227)	75,681,096	(51,047,210)

Donor	Project	At July 01, 2019 (Restated)			Grants utilized			At June 30, 2020		
		Opening grants-advances received Restated	Opening grants receivable	Grant received during the year	Income for the year	Capitalization	Other adjustments	Total	Closing grants-advances received	Closing grants receivable
Duke University/Oxford Policy Management	PCSW project	86,152	(2,463,941)	7,555,569	(4,016,375)	-	-	(4,016,375)	1,401,212	(240,307)
Institute For Social And Economic Research	KP Polio Project	-	(29,522)	-	(7,586)	-	-	(7,586)	-	(37,108)
Pcsw/Lse/Duke University/International Initiative For Impact Evaluation/Asian Development Bank	Women Mobility Project	1,837,109	(11,437,334)	58,033,853	(41,577,354)	-	(1,042,086)	(42,619,440)	8,989,204	(3,175,016)
Pomona College	Women Enrollment Project	-	(730,665)	-	-	-	-	-	-	(730,665)
Precision Agriculture For Development (Pad)	PAD Project	54,408	(3,447,113)	15,175,436	(11,152,128)	(143,000)	-	(11,295,128)	487,603	-
World Bank/ Teach The World Foundation	Growth Monitoring Tool Project	-	-	-	-	-	-	-	-	-
World Bank	Higher Education Commission Project	-	(4,914)	4,370,987	(692,079)	-	-	(692,079)	3,673,994	-
Leibniz University Hannover	Saving through Digitization Project	-	(71,311)	508,828	(384,873)	-	-	(384,873)	52,644	-
London School Of Economics	Gender Norms Project	-	-	527,106	(1,198,860)	(30,650)	-	(1,229,310)	-	(702,204)
Stanford University	Lending In Agriculture	-	-	6,435,460	(1,509,502)	(286,630)	-	(1,796,132)	4,639,328	-
Habib Bank Limited	Environmental Auditing Project_EPA	-	-	3,374,800	-	-	-	-	3,374,800	-
Andrea Von Braun Stiftung	Trust and Compliance	-	-	1,290,308	(2,383,858)	-	-	(2,683,356)	290,450	(1,684,000)
World Bank Group/Briq Institute on Behavior & Inequality	OSAP	-	-	-	(111,864)	-	-	(111,864)	-	(111,864)
Massachusetts Institute Of Technology	EVAP	-	-	-	(77,333)	-	-	(77,333)	-	(77,333)
	Political Engagement Project	-	-	-	(706,018)	-	-	(706,018)	-	(706,018)
Sub total	B	1,977,669	(18,184,800)	97,272,347	(64,113,150)	(460,280)	(1,042,086)	(65,620,516)	22,969,235	(7,464,535)
Total	C = B+A	101,113,339	(59,422,273)	279,588,263	(264,951,090)	(2,544,446)	(2,705,207)	(270,200,743)	99,590,331	(58,511,745)

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

7	LEASE LIABILITIES	Note	2020 Rupees	2019 Rupees
	As at 01 July		-	-
	Impact of initial application of IFRS 16		32,667,078	-
	Finance cost accrued during the year		4,910,490	-
	Payments during the year		(9,000,000)	-
	As at 30 June	7.1	<u>28,577,568</u>	-
	Current maturity of lease liabilities		<u>(5,029,720)</u>	-
			<u>23,547,848</u>	-
7.1	The amount of the future payments of the lease, as shown in the statement of financial position, and the period in which these payments will become due are as follows:			
			2020 Rupees	2019 Rupees
	Present value of lease liabilities		28,577,568	-
	Current maturity shown under current liabilities		(5,029,720)	-
			<u>23,547,848</u>	-
	Lease rentals payable			
	- not later than one year		9,225,000	-
	- later than one year and less than two years		10,147,500	-
	- later than two year and not later than five years		19,148,250	-
			<u>38,520,750</u>	-
	Less: future financial charges		(9,943,182)	-
	Net lease obligation		<u>28,577,568</u>	-
8	CREDITORS AND OTHER PAYABLES			
	Creditors		25,191,166	36,381,903
	Accrued expenses		10,764,079	10,581,025
	Withholding tax payable		16,049,267	12,234,019
	Other payables		1,175,603	2,172,200
			<u>53,180,115</u>	<u>61,369,147</u>
9	CONTINGENCIES AND COMMITMENTS			
	There are no known contingencies and commitments as at June 30, 2020 (June 30, 2019: Nil).			
10	PROPERTY AND EQUIPMENT			
		Note	2020 Rupees	2019 Rupees
	Project assets	10.1	4,856,835	4,995,606
	Owned assets	10.2	16,108,831	11,493,431
			<u>20,965,666</u>	<u>16,489,037</u>

10.1 Operating fixed assets

	2020									
	COST				ACCUMULATED DEPRECIATION			Net Book Value		Rate %
	As at 01 July 2019	Additions	Adjustments	As at June 30 2020	As at 01 July 2019 Restated	For the year	Adjustments	As at June 30 2020	As at June 30 2020	
Rupees										
Computers and printers	10,922,255	2,544,446	3,615,000	17,081,701	7,244,775	2,470,090	3,615,000	13,329,865	3,751,836	30
Office equipment	5,208,465	-	(3,615,000)	1,593,465	4,353,397	159,346	(3,615,000)	897,743	695,722	10
Furniture and fixture	537,810	-	-	537,810	74,752	53,781	-	128,533	409,277	10
Year ended 30 June 2020	16,668,530	2,544,446	-	19,212,976	11,672,924	2,683,217	-	14,356,141	4,856,835	
Computers and printers	9,632,405	1,289,850	-	10,922,255	5,176,929	2,676,578	(608,732)	7,244,775	3,677,480	30
Office equipment	5,208,465	-	-	5,208,465	4,160,755	155,986	36,656	4,353,397	855,068	10
Furniture and fixture	537,810	-	-	537,810	20,970	53,782	-	74,752	463,058	10
Year ended 30 June 2019	15,378,680	1,289,850	-	16,668,530	9,358,654	2,886,346	(572,076)	11,672,924	4,995,606	

10.2 Owned assets

	2020									
	COST				ACCUMULATED DEPRECIATION			Net Book Value		Rate %
	As at 01 July 2019	Additions	Adjustments	As at June 30 2020	As at 01 July 2019 Restated	For the year	Adjustments	As at June 30 2020	As at June 30 2020	
Rupees										
Lease hold improvements	1,809,125	350,044	-	2,159,169	60,304	428,816	-	489,120	1,670,049	20
Computers and printers	2,859,050	2,138,532	-	4,997,582	1,045,402	1,137,562	-	2,182,964	2,814,618	30
Office equipment	2,963,748	3,506,572	-	6,470,320	609,749	582,489	-	1,192,238	5,278,082	10
Furniture and fixture	6,866,759	1,571,307	-	8,438,066	1,289,796	802,189	-	2,091,985	6,346,082	10
Year ended 30 June 2020	14,498,682	7,566,455	-	22,065,137	3,005,251	2,951,056	-	5,956,307	16,108,831	
Lease hold improvements	-	1,809,125	-	1,809,125	-	-	60,304	60,304	1,748,821	20
Computers and printers	1,272,124	1,586,926	-	2,859,050	898,186	479,779	(332,563)	1,045,402	1,813,648	30
Office equipment	1,273,263	1,690,486	-	2,963,748	449,694	192,754	(32,699)	609,749	2,353,999	10
Furniture and fixture	2,150,162	4,716,597	-	6,866,759	989,904	319,953	(20,061)	1,289,796	5,576,963	10
Year ended 30 June 2019	4,695,549	9,803,133	-	14,498,682	2,337,784	992,486	(325,019)	3,005,251	11,493,431	

9.3 The depreciation charge for the year has been allocated as follows:

	Note	2020	2019
Restricted fund	15	2,683,217	2,886,346
Unrestricted fund	16,17	2,951,056	992,486
		5,634,273	3,878,832

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

11	RIGHT OF USE ASSETS	Note	2020 Rupees	2019 Rupees
	Cost			
	As at 01 July		-	-
	Adjustments on transition to IFRS 16		32,667,078	-
	Additions during the year		-	-
	As at 30 June		<u>32,667,078</u>	<u>-</u>
	Accumulated depreciation			
	As at 01 July 2019		-	-
	Adjustments on transition to IFRS 16		-	-
	Charge for the year	11.1	6,758,707	-
	As at 30 June 2019		<u>6,758,707</u>	<u>-</u>
	Net book value as at 30 June		<u>25,908,371</u>	<u>-</u>
	Lease term (in years)		5 years	
11.1	Depreciation is being charged to administrative, direct and project expenses as follows:			
	Administrative expenses		2,703,482	-
	Direct expenses		2,858,797	-
	Project expenses		1,196,426	-
			<u>6,758,705</u>	<u>-</u>
12	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
	Prepaid expenses		2,776,994	2,335,133
	Other receivables		1,948,224	3,169,994
	Advance to employees against expenses		750,273	645,207
	Security deposit		557,204	557,204
	Advance to supplier		2,160	274,160
			<u>6,034,855</u>	<u>6,981,698</u>
13	TAX REFUNDABLE DUE FROM GOVERNMENT			Restated
	Advance income tax		6,667,814	2,452,923
	Sales tax refundable		2,785,930	7,568,608
			<u>9,453,744</u>	<u>10,021,531</u>
14	CASH AND BANK BALANCES			
	Cash in hand		-	401,240
	Balances with bank			
	- Current accounts		15,636,034	74,581,248
	- Saving accounts	14.1	137,022,549	78,142,247
				152,723,495
			<u>152,658,583</u>	<u>153,124,735</u>

14.1 Rate of profit on savings account ranges from 6.5% to 7.25% (2019: 3.55% to 15.85%) per annum.

15 Segment Wise Income And Expenditure Account

	2020									
	National Outreach Program	The Punjab Economic Opportunities Program BAT	The Punjab Economic Opportunities Program PSDF	PEP	Trust in State Authority	Education Financing Project	Supporting BISP	HECP	THINK Project	BCURE UNDP
Income	710,622	8,595,425	48,987,484	706,018	3,166,832	22,402,133	11,613,800	692,079	2,322,982	15,276,300
Grants	-	-	-	-	-	-	-	-	-	-
General fund	-	-	-	-	-	-	-	-	-	-
Service Income	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Transferred from Deferred Grant	-	-	-	-	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Exchange gain/(Loss)	-	200,190	102,722	-	34,830	854,629	371,146	(17,210)	38,682	-
Amortization of capital grant	-	-	-	-	-	952,602	84,980	-	25,050	-
	710,622	8,795,616	49,090,206	706,018	3,201,462	24,209,364	12,069,926	674,869	2,386,714	15,276,300
Expenditure										
Personal cost	(256,531)	(6,807,610)	(1,596,818)	(379,535)	(2,316,022)	(10,873,383)	(8,410,092)	(417,116)	(160,900)	(497,057)
Surveys	(250,810)	(19,680)	(29,534,192)	(200,000)	(40,781)	(5,617,826)	(33,333)	-	(136,500)	-
Corp overheads	-	-	(16,039,130)	-	-	-	(1,742,320)	-	(1,936,363)	-
Consultancy charges	-	-	-	-	-	-	-	-	-	-
Travelling and conveyance	(155,975)	(185,000)	(362,615)	(108,918)	(70,315)	(244,329)	(1,173,028)	(236,798)	(10,505)	(11,600,998)
Rent rates and taxes	-	-	-	-	-	(1,274,113)	-	-	-	(3,161,065)
Fees and subscription	(2,167)	-	(340,054)	(17,565)	(227,150)	(1,738,471)	(89,541)	(17,565)	(37,025)	-
Fuel expenses	-	-	-	-	-	-	-	-	-	-
Communication charges	(3,000)	-	(175,386)	-	28,600	(1,663,560)	(92,462)	-	(3,951)	(7,180)
Printing and stationery	(2,375)	-	(9,545)	-	(1,085)	(701,740)	(1,234)	-	(11,720)	-
Training charges	-	-	(58,749)	-	-	-	(320,319)	-	-	-
Depreciation of property and equipment	-	(200,190)	(102,722)	-	(34,830)	(952,602)	(84,980)	-	(25,050)	-
Donations	-	-	-	-	-	-	-	-	-	-
Legal and professional charges	-	-	-	-	-	-	-	-	-	-
Insurance	(1,625)	-	(627,371)	-	(7,135)	(109,309)	(10,601)	-	-	-
Meal and entertainment	(18,138)	-	(10,900)	-	(32,744)	(254,043)	(69,831)	-	(57,685)	-
Office supplies	-	-	-	-	-	(105,960)	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-
Repair and maintenance	-	-	(5,300)	-	-	(66,542)	(28,770)	(3,390)	(5,515)	-
Bank charges	-	-	-	-	-	(9,973)	(12,625)	-	-	-
Data entry charges	-	-	-	-	-	(546,543)	-	-	-	-
Call center	-	-	-	-	-	-	-	-	-	-
Auditors remuneration	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	(790)	-	(500)	-
Finance cost	-	(394,280)	(26,824)	-	-	(970)	-	-	-	(2,430)
Depreciation of right of use assets	-	(1,188,856)	-	-	-	-	-	-	-	(7,570)
Exchange loss	-	-	-	-	-	-	-	-	-	-
	(710,622)	(8,795,616)	(49,090,206)	(706,018)	(3,201,462)	(24,209,364)	(12,069,926)	(674,869)	(2,386,714)	(15,276,300)
(Deficit) / surplus before tax										
Taxation	-	-	-	-	-	-	-	-	-	-
(Deficit) / surplus after tax										

	Property Tax Experiment in Punjab Pakistan	Asset Transfer Project	Mobile Money Project	Women Mobility Project	Day Labor	Financing Gender Norms Projects	Public Procurement Project	Social Norms Project	PCSW-NR	OSAP Project
	2020									
Income										
Grants	25,517,583	2,931,366	8,741	41,577,354	2,593,924	1,198,860	143,841	14,275,420	4,016,875	111,884
General fund:	-	-	-	-	-	-	-	-	-	-
Service Income	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	3,254,445	-	-	-	-	-	-
Transferred from Deferred Grant	-	-	-	-	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Exchange gain/(Loss)	(103,481)	8,860	-	254,397	-	(188)	-	93,518	275,315	-
Amortization of capital grant	172,189	42,375	102,870	496,197	-	6,896	-	-	94,848	-
	25,586,291	2,982,601	111,511	45,582,993	2,593,924	1,205,368	143,841	14,368,938	4,387,038	111,884
Expenditure										
Personal cost	(4,373,724)	(1,930,760)	-	(17,305,404)	(1,960,123)	(1,153,700)	(101,305)	(4,168,427)	(2,339,988)	(98,867)
Surveys	(14,502,566)	-	-	(11,542,255)	(104,490)	-	-	(7,708,416)	(250,539)	-
Corp overheads	(2,778,177)	(916,511)	-	(8,042,198)	-	-	-	(1,525,583)	(1,021,440)	-
Consultancy charges	(18,000)	-	-	(3,883,919)	(18,444)	-	-	-	-	-
Travelling and conveyance	(1,311,953)	(7,275)	-	(323,229)	(453,627)	(3,077)	-	(789,458)	-	-
Rent rates and taxes	(185,833)	-	-	(371,767)	-	-	-	-	-	-
Fees and subscription	(691,366)	(44,591)	(8,741)	(1,215,307)	(1,084)	(25,122)	(42,536)	(43,603)	(22,941)	(13,217)
Fuel expenses	-	-	-	-	-	-	-	-	-	-
Communication charges	(449,028)	(23,100)	-	(1,472,231)	(18,860)	(7,790)	-	(19,714)	(61,577)	-
Printing and stationery	(790,898)	(1,820)	-	(4,690)	-	-	-	(42,016)	-	-
Training charges	-	-	-	(3,600)	-	-	-	-	-	-
Depreciation of property and equipment	(172,189)	(42,375)	(102,870)	(496,197)	-	(6,896)	-	-	(94,848)	-
Donations	-	-	-	-	-	-	-	-	-	-
Legal and professional charges	-	-	-	(200,000)	-	-	-	-	-	-
Insurance	(53,351)	(12,905)	-	(167,520)	(9,064)	(5,183)	-	(13,798)	(12,908)	-
Meal and entertainment	(63,978)	-	-	(18,560)	(12,457)	-	-	(57,443)	-	-
Office supplies	(102,464)	-	-	(262,932)	(5,330)	-	-	-	(59,499)	-
Utilities	(25,364)	-	-	(62,122)	-	-	-	-	(9,523)	-
Repair and maintenance	(55,019)	-	-	(125,366)	-	-	-	-	(500)	-
Bank charges	(4,671)	(2,974)	-	(48,973)	-	-	-	-	-	-
Data entry charges	-	-	-	(5,992)	-	-	-	-	-	-
Call center	-	-	-	-	-	-	-	-	-	-
Auditors remuneration	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	(7,860)	(290)	-	(30,731)	(9,940)	(3,600)	-	(480)	(13,275)	-
Finance cost	-	-	-	-	-	-	-	-	-	-
Depreciation of right of use assets	-	-	-	-	-	-	-	-	-	-
Exchange loss	-	-	-	-	-	-	-	-	-	-
	(25,586,291)	(2,982,601)	(111,511)	(45,582,993)	(2,593,924)	(1,205,368)	(143,841)	(14,368,938)	(4,387,038)	(111,884)
(Deficit) / surplus before tax	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-
(Deficit) / surplus after tax	-	-	-	-	-	-	-	-	-	-

	KP Mapping	KP Polio Project	EVAP	LIA	Saving Through Digitization Project	Trust and Compliance	Soccer Ball Project	Political Connections Project	Precision Agricultural Development Project	Total Restricted
	2020									
Income										
Grants	35,891,112	7,586	77,333	1,509,502	384,873	2,683,858	3,222,760	3,172,814	11,152,128	264,951,090
General fund	-	-	-	-	-	-	-	-	-	-
Service Income	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Transferred from Deferred Grant	-	-	-	-	-	-	-	-	-	3,254,445
Finance Cost	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Exchange gain/(Loss)	-	-	-	-	(5,144)	(69,339)	-	245,314	165,147	2,111,946
Amortization of capital grant	136,984	-	-	35,829	-	-	-	23,305	170,850	2,683,217
	36,028,096	7,586	77,333	1,545,331	379,729	2,613,919	3,222,760	3,442,233	11,488,125	273,000,698
Expenditure										
Personal cost	(25,567,639)	-	(77,333)	(1,435,248)	(148,384)	(120,000)	(2,346,950)	(323,392)	(7,942,564)	(104,208,877)
Surveys	(3,305,744)	-	-	-	-	(2,493,919)	(615,222)	(749,373)	(285,000)	(77,500,951)
Corp overheads	(3,676,455)	-	-	-	-	-	-	(513,405)	(1,992,383)	(40,183,965)
Consultancy charges	-	-	-	-	-	-	-	-	-	(15,765,690)
Travelling and conveyance	(1,355,130)	-	-	(17,715)	(201,126)	-	(181,479)	(1,407,137)	(673,312)	(13,462,851)
Rent rates and taxes	(709,500)	-	-	(46,045)	(18,512)	-	(31,580)	(104,503)	(57,358)	(1,267,150)
Fees and subscription	(474,453)	(7,586)	-	(3,560)	-	-	-	-	-	(5,368,183)
Fuel expenses	-	-	-	-	-	-	-	-	-	-
Communication charges	(393,959)	-	-	(5,934)	-	-	(10,450)	(770)	(53,212)	(4,431,690)
Printing and stationery	(81,475)	-	-	(1,000)	-	-	(8,710)	-	(66,540)	(1,723,848)
Training charges	-	-	-	-	-	-	-	-	-	(382,668)
Depreciation of property and equipment	(136,984)	-	-	(35,829)	-	-	-	-	(170,850)	(2,683,217)
Donations	-	-	-	-	-	-	-	(23,305)	-	-
Legal and professional charges	-	-	-	-	-	-	-	-	-	-
Insurance	(106,570)	-	-	(5,934)	-	-	-	-	-	(200,000)
Meal and entertainment	(152,087)	-	-	(1,000)	-	-	(9,825)	-	(41,702)	(1,193,801)
Office supplies	-	-	-	-	-	-	(7,044)	(319,543)	(44,732)	(1,120,185)
Utilities	-	-	-	-	-	-	-	-	-	(536,685)
Repair and maintenance	(72,210)	-	-	-	-	-	-	-	-	(97,009)
Bank charges	-	-	-	-	(11,507)	-	-	-	(139,050)	(492,757)
Data entry charges	-	-	-	-	-	-	-	-	(21,422)	(122,150)
Call center	-	-	-	-	-	-	-	-	-	(552,535)
Auditors remuneration	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	(6,390)	-	-	-	-	-	(11,500)	-	-	-
Finance cost	-	-	-	-	-	-	-	-	-	(113,450)
Depreciation of right of use assets	-	-	-	-	-	-	-	-	-	(396,710)
Exchange loss	-	-	-	-	-	-	-	-	-	(1,196,426)
	(36,028,096)	(7,586)	(77,333)	(1,545,331)	(379,729)	(2,613,919)	(3,222,760)	(3,442,233)	(11,488,125)	(273,000,698)
(Deficit) / surplus before tax	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-
(Deficit) / surplus after tax	-	-	-	-	-	-	-	-	-	-

	Service Income	Corp Core	Unrestricted	Aggregate	Grant Funds	Un-restricted funds Analytics	Growth Monitoring Tool Project	General funds	Aggregate
	A	B	C	D = A+B+C					
	2020				2019				
Income									
Grants	-	-	-	264,951,090	268,031,096	-	-	-	268,031,096
General fund	-	40,183,965	40,183,965	40,183,965	-	-	-	27,075,515	27,075,515
Service Income	47,823,158	-	47,823,158	47,823,158	-	11,949,755	5,600,000	24,936,455	24,936,455
Other income	-	13,455,170	13,455,170	16,709,615	457,054	-	-	6,989,559	7,446,613
Transferred from Deferred Grant	-	-	-	-	-	-	-	26,211,142	26,211,142
Finance Cost	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Exchange gain/(Loss)	(340,410)	(3,404,775)	-	2,111,946	1,579,695	-	-	5,705,222	7,284,917
Amortization of capital grant	-	-	-	2,583,217	2,886,255	-	-	-	2,886,255
	47,482,748	50,234,360	101,462,293	374,462,991	272,954,100	11,949,755	5,600,000	90,917,993	363,871,993
Expenditure									
Personal cost	(32,210,387)	(23,398,040)	(55,608,427)	(159,317,104)	108,154,379	3,406,943	137,750	23,900,116	132,054,495
Surveys	(3,047,433)	(423,750)	(3,471,183)	(80,372,134)	70,497,458	-	6,000	13,189,088	83,686,546
Corp overheads	-	-	-	(40,183,965)	27,075,515	-	-	-	27,075,515
Consultancy charges	(3,882,650)	(826,478)	(4,709,128)	(20,474,818)	21,975,849	-	-	623,150	22,598,999
Travelling and conveyance	(2,287,590)	(2,903,702)	(5,191,292)	(18,654,143)	15,833,601	505,118	33,630	19,136,207	19,136,207
Rent rates and taxes	(371,787)	-	(371,787)	(1,638,917)	4,749,117	-	-	3,242,022	7,991,139
Fees and subscription	(616,954)	(861,922)	(1,478,876)	(6,847,059)	4,300,844	63,201	3,281	777,119	5,077,963
Fuel expenses	-	(405,825)	(405,825)	(405,825)	-	-	-	-	-
Communication charges	(771,370)	(434,174)	(1,205,544)	(5,837,234)	4,197,035	14,262	-	868,676	5,065,711
Printing and stationery	(934,731)	(296,875)	(1,231,606)	(2,955,554)	3,794,840	7,570	-	324,832	4,119,672
Training charges	(748,601)	(114,335)	(862,936)	(1,245,604)	3,767,408	-	-	880,472	4,647,880
Depreciation of property and equipment	(3,388,712)	(5,124,625)	(8,513,337)	(11,196,554)	2,886,255	-	-	992,486	3,878,741
Donations	-	(926,741)	(926,741)	(926,741)	-	-	-	-	-
Legal and professional charges	(76,000)	(2,900,325)	(2,976,326)	(3,176,326)	-	-	-	-	-
Insurance	(63,691)	(904,609)	(968,300)	(2,162,101)	2,182,527	3,029	-	3,751,419	3,751,419
Meal and entertainment	(955,362)	(255,029)	(1,210,391)	(2,330,575)	1,372,105	2,340	-	756,464	2,938,991
Office supplies	(970,725)	(1,165,199)	(2,135,924)	(2,672,609)	665,263	-	-	692,264	2,064,369
Utilities	(635,332)	(934,640)	(1,469,972)	(1,666,981)	384,640	-	-	704,592	1,369,855
Repair and maintenance	(637,324)	(691,228)	(1,328,552)	(1,821,309)	114,266	2,050	130,291	897,728	1,282,368
Bank charges	(21,776)	(109,006)	(130,782)	(252,932)	67,872	-	-	303,795	418,001
Data entry charges	-	(79,159)	(79,159)	(631,694)	210,619	-	-	64,391	132,263
Call center	-	-	-	-	-	-	-	107,480	318,099
Auditors remuneration	-	(575,000)	(575,000)	(575,000)	-	-	-	-	-
Miscellaneous expenses	(1,498,632)	(491,145)	(1,989,777)	(2,103,227)	724,507	-	-	400,000	400,000
Finance cost	(1,964,196)	(2,549,584)	(4,513,780)	(4,910,490)	-	-	-	1,023,267	1,747,804
Depreciation of right of use assets	-	-	-	(1,196,426)	-	-	-	-	-
Exchange loss	-	-	-	(3,745,185)	-	-	-	-	-
	(55,083,233)	(50,016,577)	(105,099,810)	(378,100,508)	272,954,100	4,004,513	310,942	56,801,937	329,756,037
(Deficit) / surplus before tax				(3,637,517)	-	-	-	34,115,956	34,115,956
Taxation				-	-	-	-	-	-
(Deficit) / surplus after tax				(3,637,517)	-	-	-	34,115,956	34,115,956

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

	Note	2020 Rupees	2019 Rupees
16 DIRECT EXPENSES			
Personal cost		32,210,387	6,852,652
Surveys		3,047,433	13,189,088
Consultancy charges		3,882,650	-
Travelling and conveyance		2,287,590	538,748
Rent rates and taxes		371,767	1,099,040
Fees and subscription		616,954	66,482
Communication charges		771,370	14,262
Printing and stationery		934,731	7,570
Training charges		748,601	-
Depreciation of property and equipment	15	685,230	-
Depreciation of right of use assets	11	2,703,482	-
Legal and professional charges		76,000	-
Insurance		63,691	3,029
Meal and entertainment		955,362	2,340
Office supplies		970,725	-
Utilities		635,332	-
Repair and maintenance		637,324	132,331
Bank charges		21,776	-
Miscellaneous expenses		1,498,632	-
		<u>53,119,037</u>	<u>21,905,542</u>
17 ADMINISTRATIVE EXPENSES			
Personal cost		23,398,040	17,047,464
Surveys		423,750	-
Consultancy charges		826,478	623,150
Travelling and conveyance		2,903,702	2,763,858
Rent rates and taxes		-	2,142,982
Fees and subscription		861,922	710,637
Fuel expense		405,825	-
Communication charges		434,174	854,414
Printing and stationery		296,875	317,262
Training charges		114,335	880,472
Depreciation of property and equipment	15	2,265,828	992,486
Depreciation of right of use assets	11	2,858,797	-
Donations		926,741	-
Legal and professional charges		2,900,326	3,751,419
Insurance		904,609	753,435
Meal and entertainment		255,029	689,924
Office supplies		1,165,199	704,592
Utilities		834,640	897,728
Repair and maintenance		691,228	171,404
Bank charges		109,006	64,391
Data entry charges		79,159	107,480
Auditors remuneration	18.1	575,000	400,000
Exchange loss		3,745,185	-
Miscellaneous expenses		491,145	1,023,297
		<u>47,466,993</u>	<u>34,896,395</u>
18.1 Auditors' remuneration			
Audit fee		525,000	360,000
Out of pocket		50,000	40,000

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

		30-Jun-20		30-Jun-19	
		Restricted	Unrestricted	Consolidated	Consolidated
		----- Rupees -----			
18	Other income				
	Income From Financial Assets:				
	Profit on bank deposits	-	6,775,710	6,775,710	4,333,906
	Profit on short term Investment	-	4,445,560	4,445,560	1,912,274
	Income From Non Financial Assets:				
	Others	3,254,445	2,233,900	5,488,345	480,604
		<u>3,254,445</u>	<u>13,455,170</u>	<u>16,709,615</u>	<u>6,726,784</u>
19	Service income		2020	2019	
		Note	Rupees	Rupees	
	Analytics		4,140,000	11,949,755	
	Executive Education		11,229,938	8,106,529	
	Growth Monitory Project		5,600,000	5,600,000	
	Policy Advisory		6,021,000	-	
	Survey Unit		20,832,220	-	
		19.1	<u>47,823,158</u>	<u>25,656,284</u>	
	Timing of Revenue Recognition:				
	Service income, in relation to contracts for provision of various services is recognized at point over time.				
19.1	Performance Obligation				
	The performance obligation is satisfied at the point over time for the sale of services.				
20	Taxation				
	Since the Company is eligible for 100% tax credit as disclosed in Note 4.8, comparison of last three years of income tax provisions with the assessment has not been disclosed.				
21	FINANCIAL INSTRUMENTS BY CATEGORIES		2020	2019	
			Rupees	Rupees	
	Financial assets as per statement of financial position -				
	At Amortized cost				
	Long term deposits		15,311,672	13,026,728	
	Trade receivable		12,047,531	17,609,000	
	Grant receivable		58,511,745	69,422,273	
	Advances and other receivables		3,255,701	4,372,405	
	Cash and bank balances		152,658,583	152,723,495	
			<u>241,785,232</u>	<u>257,153,901</u>	
	Financial liabilities as per statement of financial position -				
	At Amortized cost				
	Creditors and other payables		35,955,245	46,962,928	
			<u>35,955,245</u>	<u>46,962,928</u>	

22 FINANCIAL RISK MANAGEMENT

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

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.

22.1 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 its obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Financial assets	2020 Rupees	2019 Rupees
Cash and bank balances	152,658,583	152,723,495
Long term deposits	15,311,672	12,317,727
Trade receivable	12,047,531	17,609,000
Grant receivable	58,511,745	69,422,273
Advances and other receivables	6,034,855	6,603,241
	<u>244,564,386</u>	<u>258,675,736</u>

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	Short term	Long term	Agency	2020 Rupees	2019 Rupees
Meezan Bank Limited	A-1+	AA+	VIS	84,038,329	51,553,461
Bank Alfalah Limited	A-1+	AA+	PACRA	201,689	201,689
Standard Chartered Bank	A-1+	AAA	PACRA	68,121,602	100,672,559
Silk Bank Limited	A-2	A-	VIS	6,383	5,207
Telenor Microfinance Bank	A-1	A+	VIS	290,580	290,579
				<u>152,658,583</u>	<u>152,723,495</u>

Due to the strong reputation in the research market and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal and no expected credit loss has been recognized in these financial statements.

22.2 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. Following are the contractual maturities of the financial liabilities, including interest payments. The amount disclosed in the table below represents the undiscounted cash flows.

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

	Carrying amount	Contractual cash flows	Less than 1 year	Later than one year
Creditors and other payables	37,130,848	37,130,848	37,130,848	-
Lease liability	38,520,750	38,520,750	9,225,000	29,295,750
	<u>75,651,598</u>	<u>75,651,598</u>	<u>46,355,848</u>	<u>29,295,750</u>

Contractual Maturities of financial liabilities as at 30 June 2019:

	Carrying amount	Contractual cash flows	Less than 1 year	Later than one year
Creditors and other payables	38,554,103	38,554,103	38,554,103	-
	<u>38,554,103</u>	<u>38,554,103</u>	<u>38,554,103</u>	<u>-</u>

22.3 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.

a) 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:

	2020		
	Rupees	US\$	GBP
Cash and cash equivalents	32,220,102	169,923	17,509
Creditors and other payables	2,848,253	16,995	-
Statement of financial position exposure	35,068,355	186,918	17,509
	2019		
	Rupees	US\$	GBP
Cash and cash equivalents	75,468,090	336,493	73,941
Creditors and other payables	29,761,548	177,005	-
Statement of financial position exposure	105,229,638	513,498	73,941

The following significant exchange rates have been applied:

	Average rate	Reporting date mid spot rate	
	2020	2020	2019
	Rupees		
Rupee to US \$	144.7	168.0	121.4
Rupee to GBP	183.0	206.5	159.4

Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2020 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, 2019.

	2020	2019
	Rupees	Rupees
Effect on loss for the year:		
US \$ to Rupee		
Increase in loss for the year	2,854,706	4,085,025
GBP to Rupee		
Increase in loss for the year	361,561	1,178,620

A 10 percent strengthening of the Pak Rupee against the US dollar at June 30, 2020 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.

23 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Accordingly, the fair values are not disclosed separately in these financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

23.1 Fair value of financial instruments

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

23.2 Fair value of non financial instruments

Fair value of non-financial instruments is derived using a sales comparison approach. Sale prices of comparable items in close proximity are adjusted for differences in key attributes.

24 CAPITAL/FUND RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide benefits for stakeholders and support its operations. The Company does not have any interest bearing borrowings from any commercial bank. The Company manages its funds structure and makes adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes from the previous year.

25 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:

	2020			2019		
	Chief Executive	Executives	Directors	Chief Executive	Directors	Executives
	Rupees					
Remuneration	14,361,818	64,555,526	-	7,502,045	-	60,937,745
Perquisites	-	-	-	-	-	-
Medical allowance	1,436,182	6,876,986	-	872,727	-	6,204,270
Income tax	2,994,500	4,214,334	-	1,225,228	-	1,104,957
Reimbursement of expenses	41,050	400,000	-	537,939	-	-
	<u>18,833,550</u>	<u>76,046,846</u>	<u>-</u>	<u>10,137,939</u>	<u>-</u>	<u>68,246,972</u>
Number of persons	1	36	5	1	5	35

25.1 No remuneration is being paid to the board of directors of the company (2019: Nil).

26 NUMBER OF EMPLOYEES

The average and total number of employees during the year ended June 30, 2020 and June 30, 2019 are as follows:

	2020	2019
Average number of employees	121	94
Total number of employees	124	118

27 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purpose of better and fair presentation wherever necessary, however, no significant rearrangement/ reclassifications have been made except as disclosed in Note 5 to the financial statements.

28 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 04 NOV 2020 by the Board of Directors of the Company.

29 GENERAL

Figures have been rounded off to the nearest rupee.


Chief Executive Officer


Director

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