



**FINANCIAL STATEMENTS
OF
TEACHERS' RESOURCE CENTRE
FOR THE YEAR ENDED
JUNE 30, 2021**

The Governing Body,
Teachers' Resource Centre
C-121, 2nd Floor Ehtesham Centre DHA Phase 1
Karachi.

January 11, 2022
P-98/AA-0025/22

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Dear Sirs,

We are pleased to enclose herewith two copies of the draft financial statements of Teachers' Resource Centre (The Centre) together with our draft audit report duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by the Board and signed on their behalf by the Chair person and Treasurer and on receipt/review of the following:

- a) Letter of representation addressed to us on behalf of the Board and signed by the Chair person and Treasurer as per draft provided by us.
- b) Board of Directors resolution in respect of approval of the following items:
 - Additions to property and equipment amounting to Rs. 0.271 million;
 - Investments purchased during the year amounting to Rs. 31.999 million;
 - Investments disposed during the year amounting to Rs. 56.450 million;

We would like to advise you that unless we sign our report, these draft financial statements shall remain and be deemed un-audited.

Our observations on this set of financial statements are as follows:

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

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Institute's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Institute and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2021, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the entity's financial condition or results of operations.

3. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties other than those disclosed in the notes to the financial statements

4. FRAUD AND ERRORS

We have been informed by the management that no case of fraud and error has been brought to their knowledge during the year except for as disclosed and intimated to us by management.

5. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingencies and commitments as on the date of the financial statements other than those disclosed in the financial statements.

6. ALLOCATION OF EXPENSES

During our audit we have noticed that all the directly attributable administrative and general expenses are being currently recorded under common ledger codes and are later allocated to donor projects at the end of the year based on the resource utilization criteria determined by the management.

As per the Income Tax Ordinance, 2001, administrative and management expenditure must not exceed 15% of the total receipts, if there is any discrepancy with respect to the compliance Entity would be chargeable to tax as per the relevant tax regime.

We recommend management to establish the specific GL codes and also ensure that only those expenses are allocated which are pertaining to both operational and general activities while directly attributable expenses should be charged to relevant activities only.

We take this opportunity to thank all your staff for the courtesy and cooperation extended to us during the course of our audit.

Yours faithfully,

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a long horizontal line that ends in a small loop.

BDO EBRAHIM & CO.

Enclosed as above

AUDITOR'S REPORT TO THE GOVERNING BODY ON THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of teachers' Resource Centre (The Centre), which comprise the statement of financial position as at June 30, 2021, and the statement of income and expenditure, the statement of changes in net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position and the statement of income and expenditure, the statement of changes in net assets 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 in the manner so required and respectively give a true and fair view of the state of the Centre's affairs as at June 30, 2021 and of the deficit, the changes in net assets and its cash flows for the year then ended.

Basis for Opinion

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

Other matter

The financial statements of the Entity for the year ended June 30, 2020 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated December 02, 2020.

Responsibilities of Management and the Governing Body for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Centre'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 Institute or to cease operations, or has no realistic alternative but to do so.

The Governing Body (the Body) is responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute'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 Institute to cease to continue as a going concern.

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 Governing Body 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.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 24 JAN 2022



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

TEACHERS' RESOURCE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

| | Note | 2021 ------(Rupees)----- | 2020 |
|--|------|-----------------------------|--------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property and equipment | 4 | 1,514,447 | 2,503,364 |
| Long-term deposits | 5 | 985,000 | 985,000 |
| | | 2,499,447 | 3,488,364 |
| CURRENT ASSETS | | | |
| Inventory | 6 | 518,084 | 377,645 |
| Prepayments and other receivables | 7 | 77,852 | 736,274 |
| Short-term investments | 8 | 106,436,438 | 112,900,075 |
| Taxation | | 199,253 | 860,371 |
| Cash and bank balances | 9 | 4,092,156 | 1,640,113 |
| | | 111,323,783 | 116,514,478 |
| TOTAL ASSETS | | <u>113,823,230</u> | <u>120,002,842</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITY | | | |
| Restricted funds | 10 | 20,571,744 | 40,486,092 |
| CURRENT LIABILITIES | | | |
| Accrued and other liabilities | 11 | 1,553,303 | 734,795 |
| Provident fund payable | | - | 300,892 |
| | | 1,553,303 | 1,035,687 |
| TOTAL LIABILITIES | | <u>22,125,047</u> | <u>41,521,779</u> |
| NET ASSETS | | <u>91,698,183</u> | <u>78,481,063</u> |
| CONTINGENCIES AND COMMITMENTS | 12 | | |
| REPRESENTED BY: | | | |
| FUNDS | | | |
| Accumulated surplus | | 27,026,345 | 31,795,902 |
| Unrealized gain on revaluation of FVOCI investment-net | | 64,671,838 | 46,685,160 |
| | | <u>91,698,183</u> | <u>78,481,062</u> |

The annexed notes 1 to 25 form an integral part of these financial statements.


CHAIRPERSON


TREASURER

**TEACHERS' RESOURCE CENTRE
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021**

| | Note | 2021 ------(Rupees)----- | 2020 |
|--|------|-----------------------------|------------|
| INCOME | | | |
| Membership Fees-Institutions | | 263,500 | 195,500 |
| Course fee-net of refunds | | 568,050 | 877,380 |
| Course fee-ECE Centre | | 7,310,900 | 4,980,200 |
| Consultancy Income | | 5,608,440 | 4,495,823 |
| Return on investments | 13 | 3,217,281 | 3,649,991 |
| Donations | | 20,500 | 13,000 |
| Profit from sale of TRC Merchandise | | 8,880 | - |
| TLF Training | | 529,030 | - |
| Profit from sale of PTB | 14 | - | 371,252 |
| | | 17,526,581 | 14,583,146 |
| Other income | 15 | 3,350 | 179,205 |
| | | 17,529,931 | 14,762,351 |
| EXPENDITURE | | | |
| General and administrative expenses | 16 | 3,208,192 | 3,798,160 |
| Operating expenses | 17 | 17,738,743 | 9,555,103 |
| | | 20,946,935 | 13,353,263 |
| PROJECT GRANT UTILISED | | | |
| Open Society Foundation (OSF) | | 17,110,333 | 21,118,667 |
| UNICEF | | 19,068,516 | 22,291,176 |
| UNESCO | | - | 2,021,348 |
| KYI | | - | 11,154,200 |
| | | 36,178,849 | 56,585,391 |
| LESS: PROJECTS EXPENSES | | | |
| Open Society Foundation (OSF) | 18 | 17,110,333 | 21,118,667 |
| UNICEF | 19 | 19,068,516 | 22,291,176 |
| UNESCO | | - | 2,021,348 |
| KYI | | - | 11,154,200 |
| | | 36,178,849 | 56,585,391 |
| DEFICIT/SURPLUS BEFORE TAXATION FOR THE YEAR | | (3,417,004) | 1,409,088 |
| TAXATION | 20 | (1,352,553) | - |
| DEFICIT/SURPLUS AFTER TAXATION FOR THE YEAR | | (4,769,557) | 1,409,088 |
| OTHER COMPREHENSIVE INCOME | | | |
| OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED INTO INCOME AND EXPENDITURE IN SUBSEQUENT PERIODS | | | |
| Unrealised gain on FVOCI investment - net | | 17,986,678 | 2,056,735 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 13,217,121 | 3,465,823 |

The annexed notes 1 to 25 form an integral part of these financial statements.


CHAIRPERSON


TREASURER

**TEACHERS' RESOURCE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

| Note | 2021 ------(Rupees)----- | 2020 |
|--|-----------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Deficit) / surplus after taxation for the year | (3,417,004) | 1,409,088 |
| Adjustments for non cash and other items: | | |
| Depreciation | 1,260,137 | 1,578,023 |
| Gain on investment | (3,217,281) | (3,649,991) |
| | <u>(5,374,149)</u> | <u>(662,880)</u> |
| Increase in current assets | | |
| Inventory | (140,439) | 304,719 |
| Prepayment and other receivables | 658,422 | (220,882) |
| | <u>517,983</u> | <u>83,837</u> |
| Increase in current liabilities | | |
| Accrued and other liabilities | 517,616 | 153,814 |
| Net cash used in operation | <u>(4,338,550)</u> | <u>(425,229)</u> |
| Tax paid | (691,435) | (114,572) |
| Net cash flow used in operating activities | <u>(5,029,985)</u> | <u>(539,801)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (271,220) | (595,197) |
| Purchase of short term investments | (31,999,852) | (49,163,390) |
| Redemption of investments | 56,450,167 | 6,346,327 |
| Profit received on investments | 354,497 | 3,212,451 |
| Dividend received | 2,862,784 | - |
| Net cash generated from / (used in) investing activities | <u>27,396,376</u> | <u>(40,199,809)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Restricted fund received during the year - net | (19,914,348) | 19,022,559 |
| Net cash (used in) / generated from financing activities | <u>(19,914,348)</u> | <u>19,022,559</u> |
| Net increase / (decrease) in cash and cash equivalents | 2,452,043 | (21,717,051) |
| Cash and cash equivalents at the beginning of the year | 1,640,113 | 23,357,164 |
| Cash and cash equivalents at the end of the year | <u>9</u> <u>4,092,156</u> | <u>1,640,113</u> |

The annexed notes 1 to 25 form an integral part of these financial statements.


CHAIRPERSON


TREASURER

**TEACHERS' RESOURCE CENTRE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021**

| | Accumulated Surplus | Unrealised gain on FVOCI investment | Total |
|---|--------------------------------|--|-------------------|
| | ----- (Rupees) ----- | | |
| Balance as at July 01, 2019 | 30,386,814 | 44,628,425 | 75,015,239 |
| Surplus for the year | 1,409,088 | - | 1,409,088 |
| Other comprehensive income for the year | - | 2,056,735 | 2,056,735 |
| Balance as at June 30, 2020 | <u>31,795,902</u> | <u>46,685,160</u> | <u>78,481,062</u> |
| Balance as at July 01, 2020 | 31,795,902 | 46,685,160 | 78,481,062 |
| Deficit for the year | (4,769,557) | - | (4,769,557) |
| Other comprehensive income for the year | - | 17,986,678 | 17,986,678 |
| Balance as at June 30, 2021 | <u>27,026,345</u> | <u>64,671,838</u> | <u>91,698,183</u> |

The annexed notes 1 to 25 form an integral part of these financial statements.


CHAIRPERSON


TREASURER

TEACHERS' RESOURCE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

Teachers' Resource Centre (the Centre) was registered on July 06, 1986 under the Societies Registration Act, 1860 and on July 06, 1989 under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961. The registered office of the Centre is situated at C-121, Phase I, DHA, Karachi.

The objective of the Centre is to improve the quality of the education imparted by teachers, by cultivating and enhancing their knowledge and skills and in doing so improving the infrastructure of education in Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except for FVOCI investments which were carried at fair value.

2.3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

2.3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

| | Effective date (annual periods beginning on or after) |
|---|--|
| Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework. | January 01, 2020 |
| Amendments to IFRS 3 'Business Combinations' - Definition of a business | January 01, 2020 |
| Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform | January 01, 2020 |
| Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions | June 01, 2020 |
| Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material | January 01, 2020 |
| Certain annual improvements have also been made to a number of IFRSs. | |

2.3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

| | |
|--|------------------|
| Interest Rate Bench march Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | January 01, 2021 |
| Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework | January 01, 2022 |
| Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions | April 01, 2021 |

| | Effective date (annual periods beginning on or after) |
|---|--|
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2023 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies | January 01, 2023 |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates | January 01, 2023 |
| Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction | January 01, 2023 |
| Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use | January 01, 2022 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract | January 01, 2022 |

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

2.4 Significant accounting estimates and judgements

The preparation of financial statements is in conformity with the approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the accounting policies, management has made the following judgements and estimates which are significant to the unconsolidated financial statements:

- (a) determining the residual values and useful lives of property and equipment (see notes 3.1 and note 4)
- (b) determining the useful lives of intangible assets (see notes 3.2)
- (c) classification of investments (see note 8)
- (e) taxation (see notes 3.11 and note 20)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Property and equipment are stated at cost except those that are received as donations, which are valued at market prices prevailing at the time of receipt estimated by the Governing Body of the Centre, less accumulated depreciation and impairment, if any.

Residual values and useful lives are reviewed at each reporting date and adjusted respectively, if appropriate.

Depreciation is charged to the statement of income and expenditure on a straight-line basis over the useful life of the assets at the rates stated in note 4 to these financial statements which are reviewed annually. Full year's depreciation is charged in the year of acquisition whereas no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to statement of income and expenditure as and when incurred.

Gains or losses being differences between sale proceeds and carrying amount on disposal of property and equipment are included in statement of income and expenditure.

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged to statement of income and expenditure applying the straight line basis whereby the cost of the intangible is amortized over its estimated useful life, at the rates disclosed in note 6 to the financial statements.

Costs that are directly associated with identifiable software and have probable economic benefit exceeding beyond one year, are recognized as intangible assets. Direct costs include the purchase cost of software and related overhead costs.

Residual values, useful lives and methods of amortisation are reviewed at each reporting date and adjusted, if appropriate, prospectively.

3.3 Inventories

Inventories are stated at lower of cost determined on first-in-first-out basis and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessarily to be incurred to make the sale.

3.4 Staff Retirement Benefits

The Centre operates an unrecognized provident fund for its employees. The Centre and the employees make equal contributions at the rate of 8.33% of the basic salary. Contribution of the Centre is charged to income for the year.

3.5 Trade and Other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoiced to the Centre.

3.6 Provisions

Provisions are recognised when the Centre has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.8 Financial Instruments

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

Financial Assets

Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income– debt instrument; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of a debt instrument that is not held for trading, the Centre may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Centre may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of income and expenditure.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in unconsolidated statement of profit or loss. Any gain or loss on derecognition is recognised in statement income and expenditure.

Derecognition

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

- The rights to receive cash flows from the asset have expired; Or

The Centre 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 Centre has transferred substantially all the risks and rewards of the asset, or (b) the Centre has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Centre 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 Centre continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Centre also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Centre 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 Centre could be required to repay.

Impairment / expected credit losses on financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Centre expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. However, in certain cases, the Centre may also consider a financial asset to be in default when internal or external information indicates that the Centre is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Centre.

At each reporting date, the Centre assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset. The calculation of expected credit losses reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

ii) Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss. 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 Centre has not designated any financial liability as at fair value through profit or loss.

Loan and borrowings

This is the category most relevant to the Centre. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in unconsolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the unconsolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised 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 recognised in the statement of income and expenditure.

iii) Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements only when the Centre has a legally enforceable right to set off and the Centre intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements.

3.9 Revenue recognition

Revenue is recognized when it is probable that economic benefits associated with the transactions will flow to the Centre and amount of the revenue can be measured reliably. Accordingly, accounting policy adopted for recognition of revenue in respect of each significant category of revenue is as follows:

'- Gains / (losses) arising on sale of investments are recognised in the statement of income and expenditure on the date at which the transaction takes place.

- Grants received in advance for specific projects are recorded as a liability. Payments are reflected in statement of income and expenditure as an expense with an equal amount being recognised as income and reflected as project grant utilised, provided that all project expenses are allowed by the donor. In case project grant is not received, the expenses incurred against that grant are recorded in the statement of income and expenditure and the grant income is accrued.
- Donations are recognised on receipt basis.
- Membership fees are recognised when there remain no uncertainties regarding their receipts.
- Course fees are recognised when the courses are delivered which is generally not materially different from the time of receipt of fees.
- Income on term deposits is recognised at the rate of return implicit in the instrument on a time proportionate basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Consultancy income is recognized when services are rendered.

3.10 Foreign currency transactions

Transactions in foreign currencies are recorded in Pakistan rupees at the exchange rate prevailing on the date of transaction.

Monetary assets and liabilities in foreign currencies are reported in Pakistan Rupees at the exchange rates approximating those prevalent at the reporting date. Monetary assets and liabilities denominated in foreign currency are retranslated at the rates of exchange ruling at the reporting date. Any resulting gains and losses are recognised in the statement of income and expenditure. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

3.11 Taxation

3.11.1 Current

Provision for current tax is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on final tax basis or minimum tax on turnover, whichever is higher.

3.11.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts used for the financial reporting purpose and amounts used for taxation purpose.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and these assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Recognised deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

Expenses are allocated between operating and administrative expenses based on the percentages according to the respective nature of expenses as duly approved by the Board of Directors.

4. PROPERTY AND EQUIPMENT

| Particulars | Cost as at July 01, 2020 | Additions during the year | Disposal during the year | Cost as at June 30, 2020 | Accumulated depreciation as at July 01, 2020 | Depreciation for the year | Transfer / Disposal | Accumulated depreciation as at June 30, 2021 | Written down value as at June 30, 2021 | Rate |
|----------------------------|--------------------------|---------------------------|--------------------------|--------------------------|--|---------------------------|---------------------|--|--|-------|
| (Rupees) | | | | | | | | | | --%-- |
| Owned | | | | | | | | | | |
| Office equipment | 8,662,652 | 259,370 | - | 8,922,022 | 7,395,100 | 924,660 | - | 8,319,760 | 602,263 | 25 |
| Furniture and fixtures | 2,030,524 | 11,850 | - | 2,042,374 | 1,216,710 | 124,477 | - | 1,341,187 | 701,187 | 10 |
| Vehicles | 1,965,000 | - | - | 1,965,000 | 1,543,002 | 211,000 | - | 1,754,002 | 210,998 | 20 |
| Library books | 1,604,883 | - | - | 1,604,883 | 1,604,883 | - | - | 1,604,883 | - | 20 |
| Total Rupees - 2021 | 14,263,059 | 271,220 | - | 14,534,279 | 11,759,695 | 1,260,137 | - | 13,019,832 | 1,514,447 | |

| Particulars | Cost as at July 01, 2019 | Additions during the year | Disposal during the year | Cost as at June 30, 2020 | Accumulated depreciation as at July 01, 2019 | Depreciation for the year | Transfer / Disposal | Accumulated depreciation as at June 30, 2020 | Written down value as at June 30, 2020 | Rate |
|----------------------------|--------------------------|---------------------------|--------------------------|--------------------------|--|---------------------------|---------------------|--|--|-------|
| (Rupees) | | | | | | | | | | --%-- |
| Owned | | | | | | | | | | |
| Office equipment | 8,204,505 | 458,147 | - | 8,662,652 | 6,393,207 | 1,001,893 | - | 7,395,100 | 1,267,552 | 25 |
| Furniture and fixtures | 1,893,474 | 137,050 | - | 2,030,524 | 1,101,980 | 114,730 | - | 1,216,710 | 813,814 | 10 |
| Vehicles | 1,965,000 | - | - | 1,965,000 | 1,150,002 | 393,000 | - | 1,543,002 | 421,998 | 20 |
| Library books | 1,604,883 | - | - | 1,604,883 | 1,604,883 | - | - | 1,604,883 | - | 20 |
| Total Rupees - 2020 | 13,667,862 | 595,197 | - | 14,263,059 | 10,250,072 | 1,509,623 | - | 11,759,695 | 2,503,364 | |

| | | 2021 | 2020 |
|---|----------------------|---------------------|--------------------|
| | Note | ------(Rupees)----- | |
| 5. LONG TERM DEPOSITS | | | |
| Rent | | 960,000 | 960,000 |
| Utilities | | 25,000 | 25,000 |
| | | <u>985,000</u> | <u>985,000</u> |
| 6. INVENTORY | | | |
| Printed material for readiness bags | | 377,644 | 377,644 |
| Purchased | | 199,640 | - |
| | | <u>577,284</u> | <u>377,644</u> |
| Consumed | | (59,200) | - |
| Balance as at June 30 | | <u>518,084</u> | <u>377,644</u> |
| 7. PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Prepaid insurance | | 77,852 | 77,852 |
| Interest receivables | | - | 437,450 |
| Other receivables | | - | 220,972 |
| | | <u>77,852</u> | <u>736,274</u> |
| 8. INVESTMENTS | | | |
| | 2021 | 2020 | |
| | Number of | | |
| | Units / Certificates | | |
| At Fair value through OCI | | | |
| Open -end Mutual Funds | | | |
| Unit Trust of Pakistan | 211,810 | 208,730 | 36,806,224 |
| Pakistan Capital Market | 457,004 | 441,410 | 5,484,048 |
| Pakistan Stock Market Fund | 347,448 | 347,448 | 36,005,827 |
| First Habib Cash Fund | 32,375 | 123,910 | 3,258,192 |
| First Habib Islamic Income Fund | 224,715 | 200,215 | 22,597,145 |
| | | | <u>104,151,436</u> |
| Close -end Mutual Funds | | | |
| Golden Arrow Selected Stocks | | | 1,805,482 |
| Fund Limited | 108,590 | 108,590 | 111,600 |
| PICIC Investment Fund - Class A | 36,000 | 36,000 | 367,920 |
| PICIC Investment Fund - Class B | 36,000 | 36,000 | 2,285,002 |
| | | | <u>1,274,876</u> |
| Modarba Certificates | | | |
| First National Bank Modaraba | - | 273,998 | - |
| | | | 224,678 |
| At Cost | | | |
| Term Deposits Receipt | - | - | - |
| | | | 18,163,390 |
| | | | <u>106,436,438</u> |
| | | | <u>112,900,075</u> |

| | | 2021 | 2020 |
|----------------------------------|------|-----------|-----------|
| | Note | ----- | ----- |
| | | (Rupees) | |
| 9. CASH AND BANK BALANCES | | | |
| Cash in hand | | 185 | 710 |
| Cash at bank | | | |
| Foreign currency | | | |
| current account | | 8,066 | 5,932 |
| savings account | | 24,021 | 24,605 |
| | | 32,087 | 30,537 |
| Local currency | | | |
| current account | | 59,143 | 58,182 |
| savings account | 9.1 | 4,000,741 | 1,550,684 |
| | | 4,059,884 | 1,608,866 |
| | | 4,092,156 | 1,640,113 |

9.1 These accounts are maintained with various commercial banks carrying profit rates ranging from 5% to 7% (2020: 9% to 11%) per annum.

10. RESTRICTED FUND

| | | | |
|---------------------------------------|------|------------|------------|
| Open society foundation (OSF) Project | 10.1 | 20,571,744 | 37,682,076 |
| UNICEF | 10.1 | - | 2,804,016 |
| | | 20,571,744 | 40,486,092 |

10.1 Following are the detail of restricted funds:

| | Balance as at Jul 1 | Receipts during the year | Total | Utilized during the year | Unutilized Fund | Balance as at June 30, 2021 |
|-------------------|------------------------|-----------------------------|-------------------|-----------------------------|--------------------|--------------------------------|
| | (Rupees) | | | | | |
| OSF | 37,682,076 | - | 37,682,076 | 17,110,332 | - | 20,571,744 |
| UNICEF | 2,804,016 | 16,264,500 | 19,068,516 | 19,068,516 | - | - |
| Total 2021 | 40,486,092 | 16,264,500 | 56,750,592 | 36,178,848 | - | 20,571,744 |

| | Balance as at Jul 1 | Receipts during the year | Total | Utilized during the year | Unutilized Fund | Balance as at June 30, 2020 |
|---------------------|------------------------|-----------------------------|-------------------|-----------------------------|--------------------|--------------------------------|
| | (Rupees) | | | | | |
| OSF | 19,857,131 | 38,943,612 | 58,800,743 | 21,118,667 | - | 37,682,076 |
| UNICEF | 1,606,692 | 23,488,500 | 25,095,192 | 22,291,176 | - | 2,804,016 |
| DAI - Badaldo (KYI) | - | 11,154,200 | 11,154,200 | 11,154,200 | - | - |
| UNESCO | (290) | 2,021,638 | 2,021,348 | 2,021,348 | - | - |
| Total 2020 | 21,463,533 | 75,607,950 | 97,071,483 | 56,585,391 | - | 40,486,092 |

2021 2020
----- (Rupees) -----

11. ACCRUED AND OTHER LIABILITIES

| | | |
|-------------------------|------------------|----------------|
| Accrued expenses | 1,357,444 | 538,680 |
| Withholding tax payable | 167,272 | 174,275 |
| E.O.B.I Payable | 28,587 | 21,840 |
| | <u>1,553,303</u> | <u>734,795</u> |

12. CONTINGENCIES AND COMMITMENTS

There are no contingency and commitments of the Center at reporting date (2020: nil).

13. RETURN ON INVESTMENTS

| | | |
|---------------------------------|------------------|------------------|
| Dividend income | 2,862,784 | - |
| Profit on term deposit receipts | - | 2,680,924 |
| Profit on bank deposits | 354,497 | 969,067 |
| | <u>3,217,281</u> | <u>3,649,991</u> |

14. PROFIT FROM SALE OF PEHLA TALIMI BASTA (PTB)

| | | |
|--------------------------|----------|----------------|
| Revenue from sale of PTB | - | 676,000 |
| Less: Cost of PTB | - | (304,748) |
| | <u>-</u> | <u>371,252</u> |

15. OTHER INCOME

| | | |
|--|--------------|----------------|
| Event management for student development | - | 150,784 |
| Foreign exchange gain | 1,550 | - |
| other | 1,800 | 28,421 |
| | <u>3,350</u> | <u>179,205</u> |

16. GENERAL AND ADMINISTRATIVE EXPENSES

| | | |
|---------------------------------|-----------|---------|
| Salaries and benefits | 1,098,733 | 483,441 |
| Printing and stationery | 13,292 | 97,717 |
| Vehicle running and maintenance | 23,214 | 47,361 |
| Repairs and maintenance | 309,137 | 633,420 |
| Communication | 95,564 | 122,081 |

| | 2021 | 2020 |
|--------------------------------|---------------------|------------------|
| | ------(Rupees)----- | |
| Depreciation | 126,014 | 521,287 |
| Utilities | 48,518 | 112,582 |
| Insurance | 77,852 | 77,852 |
| Auditor remuneration | 380,000 | 405,000 |
| Rent | 83,296 | 477,341 |
| Legal and professional charges | 432,700 | 714,770 |
| Newspaper and magazine | 10,635 | 7,320 |
| Bank charges | 18,529 | 1,307 |
| Boarding and lodging | 35,164 | 90,113 |
| Others | 455,545 | 6,569 |
| | <u>3,208,192</u> | <u>3,798,160</u> |

16.1 Auditor Remuneration

| | | |
|---------------|----------------|----------------|
| Audit fee | 380,000 | 378,000 |
| Out of pocket | - | 27,000 |
| | <u>380,000</u> | <u>405,000</u> |

17. OPERATING EXPENSES

| | | |
|---------------------------------|-------------------|------------------|
| Consultancy | 1,156,652 | 2,036,486 |
| Boarding and lodging | 316,472 | 1,769,359 |
| Depreciation | 1,134,123 | 1,056,736 |
| Honorarium | 337,286 | 290,968 |
| Refreshment expenses | 202,505 | 763,600 |
| Rent | 749,660 | 1,113,795 |
| Salaries and benefits | 11,504,996 | 1,338,291 |
| Travelling and conveyance | 429,992 | 129,000 |
| Vehicle running and maintenance | 208,927 | 110,508 |
| Utilities | 436,663 | 262,691 |
| Legal and professional charges | 1,009,634 | - |
| Promotion | - | 455,663 |
| Printing and stationery | 119,626 | 228,006 |
| Publication | 132,208 | - |
| | <u>17,738,743</u> | <u>9,555,103</u> |

2021 2020
------(Rupees)-----

18. PROJECT EXPENSE - OSF

| | | |
|-------------------------------|-------------------|-------------------|
| Salaries and benefits | 8,523,014 | 8,921,820 |
| Conveyance and transportation | 641,740 | 1,703,476 |
| Rent | 3,331,821 | 3,000,800 |
| Boarding and lodging | 1,020,840 | 3,281,397 |
| Utilities | 437,905 | 733,738 |
| Refreshment expenses | 6,000 | 235,938 |
| Conveyance and transportation | - | 485,292 |
| Honorarium | 76,500 | 127,776 |
| Teachers travelling allowance | - | 177,500 |
| Printing and stationary | 10,548 | 2,148,852 |
| Postage expense | 140,871 | 179,300 |
| Workshop material | - | 122,778 |
| Venue charges | 100,000 | - |
| Video documentary | 2,821,094 | - |
| | <u>17,110,333</u> | <u>21,118,667</u> |

- 18.1 The purpose of the grant is to develop a repository of contextually appropriate teaching and learning material, which are widely accepted across public and private educational systems as credible and usable in early childhood educational systems and primary classrooms.

19. PROJECT EXPENSE - UNICEF

| | | |
|-------------------------------|-------------------|-------------------|
| Salaries and benefits | 4,588,010 | 16,094,524 |
| Boarding and lodging | 1,699,795 | 2,467,890 |
| Printing and stationary | - | 40,890 |
| Refreshment expenses | - | 6,995 |
| Conveyance and transportation | 751,545 | 856,030 |
| Design and development | 11,048,542 | 1,844,129 |
| Honorarium | 367,619 | 711,690 |
| Learning material | 613,005 | 269,028 |
| | <u>19,068,516</u> | <u>22,291,176</u> |

- 19.1 UNICEF Balochistan has hired experienced organizations to provide technical backstopping to Provincial Institute Teacher Education (PITE) - Education Department for Continuous Professional Development (CPD) of teachers in Balochistan” as per the Capacity Development Plan for teacher training and Balochistan Education Sector Plan (BESP) 2013-2018. TRC being a party to the program has received grants and is performing activities as per the agreement.

| 2021 | 2020 |
|----------------------|------|
| ----- (Rupees) ----- | |

20. TAXATION

Tax charge for:

current year

1,027,319 -

prior year

325,234 -

1,352,553 -

20.1 The Centre has filed its income tax return for tax year 2020, which is deemed assessed under section 120 of the Income Tax Ordinance 2001.

20.2 The Centre has obtained exemption under section 100c of the Income Tax Ordinance 2001 whereby no tax has been charged during the year on those income that are specified in section 100c ibid.

21. RELATED PARTY TRANSACTIONS

The related parties of the Centre comprise of key management personnel. Transactions with related party during the year are as follows:

| | | |
|--|------------------|------------------|
| Remuneration of the key management personnel | <u>6,060,000</u> | <u>6,060,000</u> |
|--|------------------|------------------|

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The related parties of the Centre comprise of key management personnel. Transactions with related party during the year are as follows:

22.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk and interest rate risk.

Interest rate risk

The following significant exchange rate has been applied at the reporting dates:

| | 2021 | 2020 |
|-------------------------------|--------|--------|
| Pakistani Rupee to US Dollars | 157.54 | 168.05 |
| Pakistani Rupee to GBP | 217.98 | 206.5 |

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre's exposure to the risk of change in market interest rates relates primarily to the balances in saving accounts.

The following figures demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Centre's surplus:

| | Change in exchange rate | Effect on surplus for the year (Rupees) |
|---------------|----------------------------|--|
| June 30, 2021 | +10% | 3,209 |
| | -10% | -3,209 |
| June 30, 2020 | +10% | 3,054 |
| | -10% | (3054) |

22.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Centre attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

The Centre is exposed to credit risk on deposits, investments and bank balances. The Centre seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy. The maximum exposure to credit risk at the reporting date is:

| | 2021 ----- (Rupees) ----- | 2020 ----- (Rupees) ----- |
|---------------|------------------------------|------------------------------|
| Investment | 106,436,438 | 112,900,074 |
| Bank balances | 4,091,971 | 1,639,403 |
| | <u>110,528,409</u> | <u>114,539,477</u> |

The credit quality of financial assets can be assessed with reference to external credit ratings as follows:

| | | | |
|-----------------------|-------|------------------|------------------|
| Bank Al Habib Limited | A-1+- | 4,086,565 | 1,633,471 |
| Summit Bank Limited | A-3 | 5,406 | 5,932 |
| | | <u>4,091,971</u> | <u>1,639,403</u> |

22.3 Liquidity risk

Liquidity risk is the risk that the Centre will not be able to meet its financial obligations as they fall due. The Centre applies the prudent risk management policies by maintaining sufficient cash and bank balances.

| | On Demand | Less than 3 months | 3 to 12 months | 1 to 2 years | > 5 years | Total |
|-------------------------------|----------------------|--------------------|----------------|--------------|-----------|-----------|
| | ----- (Rupees) ----- | | | | | |
| 30-Jun-21 | | | | | | |
| Accrued and other liabilities | - | 1,553,303 | - | - | - | 1,553,303 |
| | - | 1,553,303 | - | - | - | 1,553,303 |
| 30-Jun-20 | | | | | | |
| Accrued and other liabilities | - | 734,794 | - | - | - | 734,794 |
| | - | 734,794 | - | - | - | 734,794 |

23. RECLASSIFICATIONS

For better presentation, certain reclassifications have been made the impact of which is not considered material to these financial statements.

24. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the board of directors on 24 JAN 2022.

25. GENERAL

25.1 The figures have been rounded off to the nearest rupee.

25.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation, the effect of which is not material.



CHAIRPERSON


TREASURER