FINANCIAL STATEMENTS
OF
TEACHERS' RESOURCE CENTRE
FOR THE YEAR ENDED
JUNE 30, 2022

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# INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF TEACHERS' RESOURCE CENTRE

## Opinion

We have audited the accompanying financial statements of TEACHERS' RESOURCE CENTRE ("the CENTRE"), which comprise the statement of financial position as at June 30, 2022, the related statement of income and expenditure and other comprehensive income, the statement of cash flow statement and the statement of changes in accumulated funds together with the notes forming part thereof (here-in-after referred to as the financial statements) for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of TEACHERS' RESOURCE CENTRE as at June 30, 2022 and of its financial performance and cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

## 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 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 ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

## 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 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 Centre'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 Centre'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.

- 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 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.

KARACHI

DATED: 11 JAN 2023

UDIN:AR202210166Ls23cwm4u

BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz Khan

TEACHERS' RESOURCE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | -----------(Rupees)----------- | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property and equipment | 4 | 1,365,113 | 1,514,447 |
| Long-term deposits | 5 | 985,000 | 985,000 |
| | | 2,350,113 | 2,499,447 |
| **CURRENT ASSETS** | | | |
| Inventory | 6 | 244,119 | 518,084 |
| Prepayments and other receivables | 7 | 83,702 | 77,852 |
| Short-term investments | 8 | 84,390,272 | 106,436,438 |
| Taxation | | 474,153 | 199,253 |
| Cash and bank balances | 9 | 708,099 | 4,092,156 |
| | | 85,900,345 | 111,323,783 |
| **TOTAL ASSETS** | | 88,250,458 | 113,823,230 |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITY** | | | |
| Restricted funds | 10 | - | 20,571,744 |
| **CURRENT LIABILITIES** | | | |
| Accrued and other liabilities | 11 | 983,726 | 1,553,303 |
| | | 983,726 | 1,553,303 |
| **TOTAL LIABILITIES** | | 983,726 | 22,125,047 |
| **NET ASSETS** | | 87,266,732 | 91,698,183 |
| **CONTINGENCIES AND COMMITMENTS** | 12 | | |
| **REPRESENTED BY:** | | | |
| **FUNDS** | | | |
| Accumulated surplus | | 33,820,642 | 27,026,345 |
| Unrealized gain on revaluation of FVOCI investment-net | | 53,446,090 | 64,671,838 |
| | | 87,266,732 | 91,698,183 |

The annexed notes 1 to 23 form an integral part of these financial statements.

HONORARY
CHAIRPERSON

HONORARY
TREASURER

TEACHERS' RESOURCE CENTRE
STATEMENT OF INCOME AND EXPENDITURE
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | -----------(Rupees)----------- | |
| **INCOME** | | | |
| Membership Fees-Institutions | | 221,000 | 263,500 |
| Course fee-net of refunds | | 1,625,800 | 568,050 |
| Course fee - Early Childhood Education development Program (ECEDP) | | 7,969,000 | 7,310,900 |
| Consultancy Income | 13 | 24,646,783 | 5,608,440 |
| Donations | | 128,455 | 20,500 |
| Profit from sale of Teacher Resource Centre Merchandise | | 774 | 8,880 |
| Teach Like Finn Training | | 470,713 | 529,030 |
| Profit from sale of Pehla Taleemi Basta | 14 | 103,806 | - |
| | | 35,166,331 | 14,309,300 |
| **PROJECT GRANT UTILISED** | | | |
| Open Society Foundation (OSF) | | 20,571,743 | 17,110,333 |
| United Nations International Children's Fund (UNICEF) | | - | 19,068,516 |
| | | 20,571,743 | 36,178,849 |
| **EXPENDITURE** | | | |
| General and administrative expenses | 15 | 3,844,031 | 3,208,192 |
| Operating expenses | 16 | 24,500,733 | 17,738,743 |
| | | 28,344,764 | 20,946,935 |
| **PROJECTS EXPENSES** | | | |
| Open Society Foundation (OSF) | 17. | 20,571,743 | 17,110,333 |
| United Nations International Children's Fund (UNICEF) | | - | 19,068,516 |
| | | 20,571,743 | 36,178,849 |
| **OTHER INCOME** | 18. | 1,907,674 | 3,220,631 |
| **SURPLUS/(DEFICIT) BEFORE TAXATION** | | 8,729,241 | (3,417,004) |
| **TAXATION** | 19. | (1,934,944) | (1,352,553) |
| **SURPLUS/(DEFICIT) FOR THE YEAR** | | 6,794,297 | (4,769,557) |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Other comprehensive income not to be reclassified into income and expenditure in subsequent periods | | | |
| Unrealised (loss)/gain on FVOCI investment - net | | (11,225,748) | 17,986,678 |
| **TOTAL COMPREHENSIVE (DEFICIT) / SURPLUS INCOME FOR THE YEAR** | | (4,431,451) | 13,217,121 |

The annexed notes 1 to 23 form an integral part of these financial statements.

**HONORARY CHAIRPERSON**

**HONORARY TREASURER**

TEACHERS' RESOURCE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | -----------(Rupees)----------- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Surplus / (deficit) before taxation | | 8,729,241 | (3,417,004) |
| Adjustments for non cash and other items: | | | |
| Depreciation | | 865,862 | 1,260,137 |
| Gain on investment | | (1,683,002) | (3,217,281) |
| | | 7,912,101 | (5,374,149) |
| **Increase in current assets** | | | |
| Inventory | | 273,965 | (140,439) |
| Prepayment and other receivables | | (5,850) | 658,422 |
| | | 268,115 | 517,983 |
| **Increase in current liabilities** | | | |
| Accrued and other liabilities | | (569,577) | 517,616 |
| Net cash generated from operation | | 7,610,639 | (4,338,550) |
| Tax paid | | (2,132,346) | (691,435) |
| Net cash flows / (used in) operating activities | | 5,478,293 | (5,029,985) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure | | (716,528) | (271,220) |
| Purchase of short term investments | | (7,907,080) | (31,999,852) |
| Redemption of investments | | 18,650,000 | 56,450,167 |
| Profit received on investments | | 110,531 | 354,497 |
| Dividend received | | 1,572,471 | 2,862,784 |
| Net cash flows from investing activities | | 11,709,394 | 27,396,376 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Restricted fund paid during the year - net | | (20,571,744) | (19,914,348) |
| Net cash used in financing activities | | (20,571,744) | (19,914,348) |
| Net (decrease) / increase in cash and cash equivalents | | (3,384,057) | 2,452,043 |
| Cash and cash equivalents at the beginning of the year | | 4,092,156 | 1,640,113 |
| Cash and cash equivalents at the end of the year | 9 | 708,099 | 4,092,156 |

The annexed notes 1 to 23 form an integral part of these financial statements.

HONORARY
CHAIRPERSON

HONORARY
TREASURER

**TEACHERS' RESOURCE CENTRE**
**STATEMENT OF CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED JUNE 30, 2022**

| | Accumulated Surplus | Unrealised gain on FVOCI investment | Total |
|---|---|---|---|
| | --------------------------- | (Rupees) | --------------------------- |
| 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 | 27,026,345 | 64,671,838 | 91,698,183 |
| Balance as at July 01, 2021 | 27,026,345 | 64,671,838 | 91,698,183 |
| Surplus for the year | 6,794,297 | - | 6,794,297 |
| Other comprehensive loss for the year | - | (11,225,748) | (11,225,748) |
| Balance as at June 30, 2022 | 33,820,642 | 53,446,090 | 87,266,732 |

The annexed notes 1 to 23 form an integral part of these financial statements.

**HONORARY CHAIRPERSON**

**HONORARY TREASURER**

TEACHERS' RESOURCE CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

## 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. The accounting and reporting 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 Basis of measurement

These financial statements have been prepared:

- under the historical cost convention; and
- following the accrual basis of accounting (except for Statement of cash flows and FVOCI Investment which were carried at fair value).

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistani 'Rupees' (or 'Rs.'), which is the Centre's functional and presentation currency.

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

### 2.4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Centre's operations or do not have material impact on the financial statements other than certain additional disclosures.

| | Effective date (annual periods beginning on or after) |
|---|---|
| Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | January 01, 2021 |
| Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions | April 01, 2021 |

### 2.4.2 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 Centre's operations or are not expected to have material impact on the Centre's financial statements other than certain additional disclosures.

| | |
|---|---|
| Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework | January 01, 2022 |
| Amendments to IAS 1'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2024 |
| 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 |

| | Effective date (annual periods beginning on or after) |
|---|---|
| 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; and

IFRS 17 - Insurance Contracts

## 2.5 Significant accounting estimates and judgements

The preparation of financial statements is in conformity with the accounting and reporting 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 financial statements:

(a) determining the residual values and useful lives of property and equipment (refer note 4)
(b) classification of investments (refer note 8)
(c) taxation (refer notes 3.11 and note 19)

## 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 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 the 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 the statement of income and expenditure.

### 3.2 Inventories

Inventories are stated at lower of cost and net realisable value (NRV). Cost of inventory is determined on first-in- first out (FIFO) basis of measurement. 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.

### 3.3 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 the statement of income and expenditure for the year.

### 3.4 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.

## 3.5 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.

## 3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value. 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.

## 3.7 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.

**(i) 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**

The Centre measures loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk of debt securities or a financial asset measured at amortized cost. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the management considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Centre's historical experience and informed credit assessment and including forward-looking information. For accounts receivable a simplified approach is adopted and only a lifetime ECLs are recognised.

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.

**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.

**3.8 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 the 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 payments are received.

**3.9 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.

**3.10 Taxation**

**Current**

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

The Centre intends to claim tax credit equal to one hundred per cent of the tax payable under section 100C of Income Tax Ordinance, 2001, including minimum tax and final taxes payable, on its project income. Therefore, no provision for taxation has been recorded in these financial statements, with regards to project income.

**3.11 Funds**

**3.11.1 Restricted funds**

Funds received as granted for specific projects are classified as restricted fund. For this purpose:

-when grants received are in excess of their outlay, these are recognized income to the extent of related / budgeted expenses incurred. The excess balance is carried forward as restricted fund balance in non current liabilities.

-when grants received are less than related expenditure incurred, the balance to the extent of commitment is recognized as receivable, if there is a strong probability of recovery of the contractual receivable from the respective donors.

### 3.11.2 Unrestricted funds

Funds received for ongoing operations without any restriction on utilization are classified as unrestricted funds. These funds are recognized as income when received. The expenses incurred against such funds are recognized in the income and expenditure account as and when incurred.

4. PROPERTY AND EQUIPMENT

| Particulars | Cost as at July 01, 2021 | Additions during the year | Disposal during the year | Cost as at June 30, 2022 | Accumulated depreciation as at July 01, 2021 | Depreciation for the year | Transfer / Disposal | Accumulated depreciation as at June 30, 2022 | Written down value as at June 30, 2022 | Rate |
|---|---|---|---|---|---|---|---|---|---|---|
| | (Rupees) | | | | | | | | | --%-- |
| Owned | | | | | | | | | | |
| Office equipment | 8,922,022 | 689,528 | 3,479,528 | 6,132,022 | 8,319,760 | 530,377 | 3,479,528 | 5,370,609 | 761,413 | 25 |
| Furniture and fixtures | 2,042,374 | 27,000 | 695,646 | 1,373,728 | 1,341,187 | 124,489 | 695,646 | 770,030 | 603,698 | 10 |
| Vehicles | 1,965,000 | - | - | 1,965,000 | 1,754,002 | 210,996 | - | 1,964,998 | 2 | 20 |
| Library books | 1,604,883 | - | - | 1,604,883 | 1,604,883 | - | - | 1,604,883 | - | 20 |
| **Total Rupees - 2022** | 14,534,279 | 716,528 | 4,175,174 | 11,075,633 | 13,019,832 | 865,862 | 4,175,174 | 9,710,520 | 1,365,113 | |

| Particulars | Cost as at July 01, 2020 | Additions during the year | Disposal during the year | Cost as at June 30, 2021 | 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 | 602,262 | 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 | |

## 5. LONG TERM DEPOSITS

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | -----------(Rupees)----------- | |
| Rent | | 960,000 | 960,000 |
| Utilities | | 25,000 | 25,000 |
| | | 985,000 | 985,000 |

## 6. INVENTORY

| | | |
|---|---|---|
| Printed material for readiness bags | 518,084 | 377,644 |
| Purchased | 268,030 | 199,640 |
| | 786,114 | 577,284 |
| Consumed | (541,995) | (59,200) |
| Balance as at June 30 | 244,119 | 518,084 |

## 7. PREPAYMENTS AND OTHER RECEIVABLES

| | | |
|---|---|---|
| Prepaid insurance | 83,702 | 77,852 |
| Interest receivables | - | - |
| Other receivables | - | - |
| | 83,702 | 77,852 |

## 8. SHORT TERM INVESTMENTS

| | 2022 Number of Units / Certificates | 2022 Net Asset Value (NAV) | 2022 | 2021 |
|---|---|---|---|---|
| **At Fair value through OCI** | | | | |
| **Open -end Mutual Funds** | | | | |
| Unit Trust of Pakistan | 211,810 | 151.7900 | 32,150,595 | 36,806,224 |
| Pakistan Capital Market | 457,004 | 10.6500 | 4,867,093 | 5,484,048 |
| Pakistan Stock Market Fund | 347,448 | 86.5000 | 30,054,251 | 36,005,827 |
| First Habib Cash Fund | 153,925 | 100.9515 | 15,538,967 | 3,258,192 |
| First Habib Islamic Income Fund | 171 | 100.7016 | 17,192 | 22,597,145 |
| | | | 82,628,098 | 104,151,436 |
| **Close -end Mutual Funds** | | | | |
| Golden Arrow Selected Stocks | 108,590 | 13.4231 | 1,457,614 | 1,805,482 |
| HBL Investment Fund - Class A | 36,000 | 2.0000 | 72,000 | 111,600 |
| HBL Investment Fund - Class B | 36,000 | 6.4666 | 232,560 | 367,920 |
| | | | 1,762,174 | 2,285,002 |
| | | | 84,390,272 | 106,436,438 |

## 9. CASH AND BANK BALANCES

| | | |
|---|---|---|
| Cash in hand | 300 | 185 |
| Cash at bank | | |
| Foreign currency | | |
| current account | 9,196 | 8,066 |
| savings account | 31,686 | 24,021 |
| | 40,882 | 32,087 |

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | -----------(Rupees)----------- | |
| Local currency | | | |
| current account | | 59,143 | 59,143 |
| savings account | 9.1 | 607,774 | 4,000,741 |
| | | 666,917 | 4,059,884 |
| | | 708,099 | 4,092,156 |

9.1 These accounts are maintained with various commercial banks carrying profit rates ranging from 10% to 12% (2021: 9% to 11%) per annum.

## 10. RESTRICTED FUND

| | Note | 2022 | 2021 |
|---|---|---|---|
| Open society foundation (OSF) Project | 10.1 | - | 20,571,744 |
| | | - | 20,571,744 |

10.1 Following are the detail of restricted funds:

| | Balance as at Jul 1, 2021 | Receipts during the year | Total | Utilized during the year | Unutilized Fund | Balance as at June 30, 2022 |
|---|---|---|---|---|---|---|
| | ............................. (Rupees ............................. | | | | | |
| Open Society Foundation (OSF) | 20,571,744 | - | 20,571,744 | 20,571,744 | - | - |
| **Total 2022** | 20,571,744 | - | 20,571,744 | 20,571,744 | - | - |

| | Balance as at Jul 1, 2020 | Receipts during the year | Total | Utilized during the year | Unutilized Fund | Balance as at June 30, 2021 |
|---|---|---|---|---|---|---|
| | ............................. (Rupees ............................. | | | | | |
| Open Society Foundation (OSF) | 37,682,076 | - | 37,682,076 | 17,110,332 | - | 20,571,744 |
| **Total 2021** | 37,682,076 | - | 37,682,076 | 17,110,332 | | 20,571,744 |

10.2 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.

## 11. ACCRUED AND OTHER LIABILITIES

| | 2022 | 2021 |
|---|---|---|
| | -----------(Rupees)----------- | |
| Accrued expenses | 983,726 | 1,357,444 |
| Withholding tax payable | - | 167,272 |
| Employee Old-Age Benefits Institution Payable | - | 28,587 |
| | 983,726 | 1,553,303 |

## 12. CONTINGENCIES AND COMMITMENTS

There is no contingencies and commitments at the reporting date (2021: nil)

## 13 CONSULTANCY INCOME

This represents income related to evaluation of schools' performance that are being operating under Government of Sindh (GoS).

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | -----------(Rupees)----------- | |
| **14. INCOME FROM SALE OF PEHLA TALIMI BASTA (PTB)** | | | |
| Income from sale of PTB | | 103,806 | - |
| **15 GENERAL AND ADMINISTRATIVE EXPENSES** | | | |
| Salaries and benefits | | 1,306,486 | 1,098,733 |
| Printing and stationery | | 251,413 | 13,292 |
| Vehicle running and maintenance | | 37,847 | 23,214 |
| Repairs and maintenance | | 423,609 | 309,137 |
| Communication | | 58,288 | 95,564 |
| Depreciation | | 86,586 | 126,014 |
| Utilities | | 71,509 | 48,518 |
| Insurance | | 77,852 | 77,852 |
| Auditor remuneration | | 380,000 | 380,000 |
| Rent | | 255,636 | 83,296 |
| Legal and professional charges | | 329,309 | 432,700 |
| Newspaper and magazine | | 9,965 | 10,635 |
| Bank charges | | 10,285 | 18,529 |
| Boarding and lodging | | 22,934 | 35,164 |
| Others | | 522,312 | 455,545 |
| | | 3,844,031 | 3,208,192 |
| **16. OPERATING EXPENSES** | | | |
| Consultancy | | 2,448,908 | 1,156,652 |
| Boarding and lodging | | 206,402 | 316,472 |
| Depreciation | | 779,276 | 1,134,123 |
| Honorarium | | 416,370 | 337,286 |
| Refreshment expenses | | 153,542 | 202,505 |

| | 2022 | 2021 |
|---|---|---|
| | -----------(Rupees)----------- | |
| Rent | 2,300,728 | 749,660 |
| Salaries and benefits | 13,416,691 | 11,504,996 |
| Travelling and conveyance | 687,750 | 429,992 |
| Vehicle running and maintenance | 340,625 | 208,927 |
| Utilities | 643,585 | 436,663 |
| Legal and professional charges | 768,388 | 1,009,634 |
| Promotion | - | - |
| Printing and stationery | 2,262,719 | 119,626 |
| Publication | 75,749 | 132,208 |
| | 24,500,733 | 17,738,743 |

## 17. OPEN SOCIETY FOUNDATION (OSF)

| | | |
|---|---|---|
| Salaries and benefits | 11,252,907 | 8,523,014 |
| Conveyance and transportation | 703,490 | 641,740 |
| Rent | 2,091,571 | 3,331,821 |
| Boarding and lodging | 991,315 | 1,020,840 |
| Utilities | 590,329 | 437,905 |
| Refreshment expenses | 476,499 | 6,000 |
| Communication | 34,873 | - |
| Honorarium | 189,949 | 76,500 |
| Teachers travelling allowance | 310,250 | - |
| Printing and stationary | 3,766,388 | 10,548 |
| Postage expense | 46,248 | 140,871 |
| Workshop material | 117,927 | - |
| Venue charges | - | 100,000 |
| Video documentary | - | 2,821,094 |
| | 20,571,743 | 17,110,333 |

## 18. OTHER INCOME

| | | |
|---|---|---|
| **Return on Investment** | | |
| Dividend income | 1,572,471 | 2,862,784 |
| Profit on term deposit receipts | - | - |
| Profit on bank deposits | 110,531 | 354,497 |
| | 1,683,002 | 3,217,281 |
| Foreign exchange gain | 8,795 | 1,550 |
| other | 215,877 | 1,800 |
| | 1,907,674 | 3,220,631 |

| | | 2022 | 2021 |
|---|---|---|---|
| | | -----------(Rupees)----------- | |

## 19. TAXATION

| | 2022 | 2021 |
|---|---|---|
| Tax charge for: | | |
| current year | 1,943,662 | 1,027,319 |
| prior year | (8,718) | 325,234 |
| | 1,934,944 | 1,352,553 |

19.1 The Centre has filed its income tax return for tax year 2021, which is deemed assessed under section 120 of the Income Tax Ordinance 2001.

19.2 The Centre has obtained exemption under section 100c of the Income tax ordinance , 2001 with regards to its project income , whereby no tax has been charged during the year on those income that are specified in section 100c ibid.

## 20. RELATED PARTY TRANSACTIONS

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

| | 2022 | 2021 |
|---|---|---|
| Remuneration of the key management personnel | 6,060,000 | 6,060,000 |

## 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective in managing risks is the creation and protection of members interest. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuous sustainable financial position. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through grant proceeds, interest income and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

### 21.1 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, interest rate risk and other price risk.

### 20.1.1 Foreign exchange rate risk

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

| | 2022 | 2021 |
|---|---|---|
| Pakistani Rupee to US Dollars | 205.29 | 157.54 |
| Pakistani Rupee to GBP | 248.21 | 217.98 |

Foreign exchange 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, 2022 | +10% | 4,088 |
| | -10% | (4088) |
| June 30, 2021 | +10% | 3,209 |
| | -10% | (3,209) |

### 20.1.2 Interest rate risk

Interest / mark-up rate risk is the risk that value or future cash flows of the financial instruments will fluctuate because of changes in market interest rate. The investments are carried fixed rate.

### 20.1.3 Other Price Risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Teacher resource Centre does not have financial instruments dependent on such market prices.

## 21.2 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:

| | 2022 | 2021 |
|---|---|---|
| | -------(Rupees)------- | |
| Investment | 84,395,381 | 106,436,438 |
| Bank balances | 708,057 | 4,091,971 |
| | 85,103,438 | 110,528,409 |

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

| | | | |
|---|---|---|---|
| Bank Al Habib Limited | A1+ | 670,525 | 4,086,565 |
| Summit Bank Limited | A-3 | 37,232 | 5,406 |
| | | 707,757 | 4,091,971 |

## 21.3 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-22** | | | | | | |
| Accrued and other liabilities | - | 983,726 | - | - | - | 983,726 |
| | - | 983,726 | - | - | - | 983,726 |
| **30-Jun-21** | | | | | | |
| Accrued and other liabilities | - | 734,794 | - | - | - | 734,794 |
| | - | 734,794 | - | - | - | 734,794 |

## 22 DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Governing Body on 11 JAN 2023

## 23. GENERAL

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

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

HONORARY CHAIRPERSON

HONORARY TREASURER