

# CERP

Center for Economic  
Research in Pakistan



20 + Research Projects  
100+ Staff Members  
80+ Research Fellows

Annual Report  
2017-18

*Catalyzing Rigorous Policy Research*

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## Director's Note



Over the past year, CERP has more fully entrenched its place as the leader in cutting edge research in Pakistan and building capacity in various sectors to use research evidence. The employee body has increased, new projects have been initiated, HR, Finance and Operational processes have matured and increasingly more stakeholders and partners are now on board. CERP Research outputs are regularly shared with partners and disseminated to wider audiences. The activity on research projects has accelerated.

In 2017, CERP launched the **Analytics** portfolio to embed data in private and public sector organizations to achieve strategic and operational efficiency. The portfolios' data health, descriptives, insights and intelligence products are customized to the needs of the client organization. A formal **Communications and Outreach** Department has also been set up to manage CERP's interactions with external stakeholders and channels as well as help strengthen internal communication.

**Women's Mobility Program** has launched a job search platform to gather rich data on labor supply and demand to study the effect of both policy solutions on the labor market. The platform gathers data on the preferences of job seekers related to job applications and employers' hiring preferences. Under this project, CERP is also providing door-to-door transport service to a portion of the job seekers. Data from these sources will be used to measure the impact of the two policy solutions on women's employment outcomes, mobility and job search facilitation services (e.g. profile matching, skills training, mentoring) and, by extension, empowerment. The growing research platform has over 10,000 job seekers (50 per cent of which are women) and more than 400 employers.

**Punjab Economics Opportunities Program** has implemented two major interventions, i.e. the Big Push for the Rural Economy (BPPE) Intervention in Partnership with PSDF and the Market Linkages (BAT ML) intervention in partnership with Kaarvan and the British Asian Trust. Within BPPE we have concluded oversight of agriculture and livestock trainings in 60 villages in South Punjab and are currently working on evaluating the impact of this scheme.

Under the education theme, **LEAPS**, a largescale research study exploring how to improve learning outcomes in Pakistan, observed that even though school enrollment has improved over the past years in Pakistan, test scores have remained stagnant. The LEAPS team has pursued transformational research for over 15 years with the aim of improving education. We are pushing forward on a cutting edge research agenda to catalyze improvement in Pakistan's education ecosystem. Our work seeks to improve learning outcomes by testing the impact of alleviating four systems-level constraints: access to information; access to financial resources; knowledge and innovation failures, and frictions in the labor market for teachers. Our current work builds upon our previous work which found that alleviating financial constraints for schools and providing information to parents regarding the quality of education being offered, can improve school quality and increase student test scores. Our flagship study is a longitudinal study (the first of its kind in a low-income country) that tracks a large sample of individuals from childhood into young adulthood to understand the labor and non-labor market returns to education.

**Asset Transfer Project** has concluded and the research findings will be published in a report by October this year.

Year 2018 saw a resumption of a very comprehensive **training** plan with National School of Public Policy, where BCURE becomes an integral part of the training programs run for civil servants. The training plan, which will conclude in December, 2019 is a part of the project "Reforms and Innovation in Government for High Performance" by Ministry of Planning, Development and Reform, and United Nations Development Programme, Pakistan. In addition to BCURE trainings for cohorts at 108<sup>th</sup> & 109<sup>th</sup> National Management Course, 23<sup>rd</sup> & 24<sup>th</sup> Senior Management Course, 26<sup>th</sup> Mid-Career Management Course and 46<sup>th</sup> Common Training Program, the plan has delivered a Training of Trainers at National School of Public Policy. Our training team also successfully completed the deliverables for CLEAR, which included open-enrollment courses, research and policy seminars and customized trainings.

From here on, CERP is looking at expanding research in new theme areas, growing in terms of workforce and impact as well as impacting policy through the knowledge already generated. We are entering in a new era of high growth, high impact and exciting findings to share.

**Maroof Syed**  
CEO, CERP

## About CERP

CERP was established in 2008 with the aim of filling the gap in evidence based decision making in Pakistan.

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

### Our Mission

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

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

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



## CERP's Implementing Partners

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

## CERP's Donors

- \* Aman Foundation
- \* Asian Development Bank
- \* International Growth Centre
- \* International Initiative for Impact Evaluation
- \* Department for International Development, UK
- \* John Templeton Foundation
- \* JPAL Urban Services Unit
- \* National Science Foundation
- \* Poverty Action Lab (J-PAL)
- \* The John Templeton Foundation
- \* The World Bank
- \* Exxon Mobil, Pomona College

## CERP's Network Affiliates

### Local

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

### International

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

## General Body

**Dr Asim Ijaz Khwaja**  
Chairman of the Board, CERP  
Professor of Public Policy, Harvard  
University, PhD Economics,  
Harvard University

**Dr Tahir Andrabi**  
CEO, CERP  
Professor of Economics, Pomona  
College, PhD Economics Massa-  
chusetts Institute of Technology

**Dr. Ali Cheema**  
Associate Professor Economics  
LUMS, PhD Economics, University  
of Cambridge

**Dr. Atif Mian**  
Professor of Economics, Princeton  
University, PhD Economics,  
Massachusetts Institute of Tech-  
nology

**Dr. Adnan Qadir Khan**  
Research Director, International  
Growth Centre, London School of  
Economics (LSE)  
PhD Economics, Queens Universi-

## Board of Directors

**Maroof Syed**  
CEO, CERP  
Director of Pakistan Strategy  
and Development,  
Harvard's Evidence for Policy  
Design (EPOD)  
MC/MPA, Harvard University

**Dr Asim Ijaz Khwaja**  
Chairman of the Board, CERP  
Professor of Public Policy,  
Harvard University,  
PhD Economics, Harvard  
University

**Dr Tahir Andrabi**  
Professor of Economics,  
Pomona College, Dean LUMS  
School of Education  
PhD Economics Massa- chusetts  
Institute of Technology

**Dr. Ali Cheema**  
Associate Professor Economics  
LUMS, PhD Economics,  
University of Cambridge

**Dr. Atif Mian**  
Professor of Economics,  
Princeton University, PhD  
Economics, Massachusetts  
Institute of Technology

**Dr. Adnan Qadir Khan**  
Research Director, International  
Growth Centre, London School  
of Economics (LSE)  
PhD Economics, Queens  
University

## Finance and Audit Committee

Dr. Ali Cheema  
Chair / Member of Board of  
Directors

Dr. Atif Mian  
Member of Board of Directors

Mr Naeem Sheikh  
Financial Consultant

Mr Saad Alamgir  
Chief Financial  
Officer

## Admin and Policy Committee

Dr. Ali Cheema  
Chair / Member of the Board of  
Directors

Dr. Adnan Qadir Khan  
Member of the Board of Directors

Wasif Ali Mullick  
Company Secretary/Senior  
Administrative and Policy  
Manager

## Company Secretary

Wasif Ali Mullick  
Company Secretary / Senior  
Administrative and Policy Manager

## Auditors

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

## Financial Consultants

UHY Hassan Naeem & Co. Chartered Accountants:  
A member of UHY, an international association of independent accounting and consulting firms

Contact:  
193-A, Shah Jamal Lahore Pakistan. +92 (42) 7599938. <http://www.uhy-hnco.com/hnco/>

## Legal Advisers

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

**CENTRE FOR ECONOMIC RESEARCH  
IN PAKISTAN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2018**



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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **Centre for Economic Research in Pakistan** (the Company), which comprise the statement of financial position as at June 30, 2018, income and expenditure statement, the statement of other comprehensive surplus, the statement of accumulated funds, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the income and expenditure statement, the statement of other comprehensive surplus, the statement of accumulated funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the income and expenditure and other comprehensive surplus, the accumulated funds and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the Financial Statements and Auditor's Report Thereon

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

#### Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using



the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



## Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, income and expenditure statement, the statement of comprehensive surplus, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

*Deloitte Yousuf Adil*  
Chartered Accountants

Lahore  
Dated: October 5, 2018

**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
 (A company setup under Section 42 of the Companies Act, 2017)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2018**

	Note	2018 Rupees	2017 Rupees
<b>FUNDS AND LIABILITIES</b>			
<b>Accumulated funds</b>			
Restricted funds			
Deferred grant - income based	5	61,654,477	91,419,770
Deferred grant - project asset based	9	6,020,026	3,275,200
		<u>67,674,503</u>	<u>94,694,970</u>
General fund		<u>85,553,431</u>	<u>58,571,649</u>
		<u>153,227,934</u>	<u>153,266,619</u>
<b>Non current liabilities</b>			
Deferred taxation	6	-	-
<b>Current liabilities</b>			
Creditors and other payables	7	86,594,984	9,736,808
Provision for taxation		-	-
		<u>86,594,984</u>	<u>9,736,808</u>
<b>Contingencies and commitments</b>			
	8	<u>239,822,918</u>	<u>163,003,427</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	9	8,377,791	5,646,292
Long term deposits		1,477,204	1,477,204
		<u>9,854,995</u>	<u>7,123,496</u>
<b>Current assets</b>			
Advances, prepayments and other receivables	10	40,522,180	25,275,730
Tax refundable due from Government		2,228,803	1,118,865
Short term investment	11	-	80,000,000
Cash and bank balances	12	187,216,940	49,485,336
		<u>229,967,923</u>	<u>155,879,931</u>
		<u>239,822,918</u>	<u>163,003,427</u>

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

  
 Chief Executive Officer

  
 Director

**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
(A company setup under Section 42 of the Companies Act,  
2017)  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018			2017
		Restricted	Un-restricted	Aggregate	Aggregate
----- Rupees -----					
<b>INCOME</b>					
Grants	5	292,258,580	-	292,258,580	200,216,146
General fund		-	26,953,099	26,953,099	9,777,033
Other income	15	-	4,898,139	4,898,139	7,562,373
Transfer from deferred grant	16	-	17,243,559	17,243,559	44,946,043
Exchange gain/ (loss)		-	2,024,645	2,024,645	(1,384,536)
Amortization of capital grant	9.1	2,302,895	-	2,302,895	1,692,193
		<u>294,561,475</u>	<u>51,119,442</u>	<u>345,680,917</u>	<u>262,809,252</u>
<b>EXPENDITURE</b>					
Salaries and benefits		79,788,755	14,705,758	94,494,513	76,883,039
Surveys		132,448,206	-	132,448,206	83,168,845
Travelling and conveyance		17,726,393	152,969	17,879,362	15,622,326
Training charges		69,690	203,896	273,586	757,703
Consultancy charges		16,359,852	2,566,000	18,925,852	3,070,620
Computer and internet expenses		2,754,072	770,481	3,524,553	2,890,264
Meal and entertainment		1,062,009	254,295	1,316,304	1,041,046
CERP overheads		26,953,099	-	26,953,099	9,777,033
Printing and stationery		1,377,054	139,475	1,516,529	1,565,204
Call center		1,431,353	-	1,431,353	3,710,191
Rent		2,693,179	1,241,870	3,935,049	2,888,500
Repair and maintenance		326,469	155,685	482,154	248,000
Communication charges		4,528,810	118,549	4,647,359	1,070,683
Auditors' remuneration		-	322,000	322,000	640,125
Utilities		360,710	516,108	876,818	506,859
Depreciation		2,302,895	645,568	2,948,463	2,118,335
Event expense		496,250	-	496,250	755,186
Website and software maintenance		-	30,000	30,000	-
Data entry charges		1,457,589	-	1,457,589	-
Insurance		516,757	593,955	1,110,712	695,928
Advertisement expense		47,800	-	47,800	14,600
Office expenses		92,505	1,180,435	1,272,940	1,103,586
Secretarial compliance		-	7,000	7,000	8,000
Bank charges		56,618	50,611	107,229	76,391
Loss on disposal of assets		-	-	-	74,415
Pilot expense		-	-	-	2,625,750
Voucher delivery		-	-	-	3,787,950
Legal charges		85,000	-	85,000	-
Miscellaneous expenses		1,626,410	555,987	2,182,397	664,567
		<u>294,561,475</u>	<u>24,210,642</u>	<u>318,772,117</u>	<u>215,765,146</u>
Surplus before tax		-	26,908,800	26,908,800	47,044,106
Taxation	17	-	-	-	740,766
Surplus after tax		-	<u>26,908,800</u>	<u>26,908,800</u>	<u>47,784,872</u>

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

  
Chief Executive Officer

DYA

  
Director



**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
**(A company setup under Section 42 of the Companies**  
**Act, 2017)**  
**STATEMENT OF OTHER COMPREHENSIVE SURPLUS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees
Surplus after tax	26,908,800	47,784,872
Other comprehensive surplus for the period	-	-
Surplus for the year	<u>26,908,800</u>	<u>47,784,872</u>

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

D/A

  
Chief Executive Officer

  
Director

**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
(A company setup under Section 42 of the Companies Act, 2017)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2018 Rupees	2017 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Grants received	280,998,184	223,097,946
Bank profit	4,838,163	3,725,856
Other receipts	(750,668)	1,805,309
<b>Total receipts</b>	<u>285,085,679</u>	<u>228,629,111</u>
<b>Payments</b>		
Payment to employees and suppliers	(223,309,001)	(192,145,299)
Taxes paid	(1,109,938)	(662,183)
<b>Total payments</b>	<u>(224,418,939)</u>	<u>(192,807,482)</u>
<b>Net cash from operating activities</b>	<u>60,666,740</u>	<u>35,821,629</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(2,935,136)	(2,092,797)
Proceeds from disposal of property and equipment	-	48,000
Long term deposits	-	(90,204)
<b>Net cash used in investing activities</b>	<u>(2,935,136)</u>	<u>(2,135,001)</u>
<b>Net increase in cash and cash equivalents (A+B)</b>	<u>57,731,604</u>	<u>33,686,628</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>129,485,336</u>	<u>95,798,708</u>
<b>Cash and cash equivalents at end of year</b>	<u>13 187,216,940</u>	<u>129,485,336</u>

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

*DNA*

  
Chief Executive Officer

  
Director

**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
(A company setup under Section 42 of the Companies Act, 2017)

**STATEMENT OF ACCUMULATED FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Restricted		Un-restricted	Total
	Deferred grant - income based	Deferred grant - project asset based	General fund	
	----- Rupees -----			
<b>Balance at June 30, 2016</b>	120,519,736	3,338,299	9,053,326	<b>132,911,361</b>
Grants accrued during the year	218,921,549	-	-	<b>218,921,549</b>
Funds utilized during the year	(200,216,146)	-	-	<b>(200,216,146)</b>
Capital expenditure	(1,985,759)	1,985,759	-	-
Amortization for the year	-	(1,692,193)	-	<b>(1,692,193)</b>
Transfer to General fund	(44,946,043)	-	-	<b>(44,946,043)</b>
Other adjustments	(873,567)	(356,665)	1,733,451	<b>503,219</b>
	(29,099,966)	(63,099)	1,733,451	<b>(27,429,614)</b>
Surplus for the year	-	-	47,784,872	<b>47,784,872</b>
<b>Balance at June 30, 2017</b>	91,419,770	3,275,200	58,571,649	<b>153,266,619</b>
Grants accrued during the year	282,217,086	-	-	<b>282,217,086</b>
Funds utilized during the year	(292,258,580)	-	-	<b>(292,258,580)</b>
Capital expenditure	(5,047,721)	5,047,721	-	-
Amortization for the year	-	(2,302,895)	-	<b>(2,302,895)</b>
Transfer to General fund	(17,243,559)	-	-	<b>(17,243,559)</b>
Other adjustments	2,567,481	-	72,982	<b>2,640,463</b>
	(29,765,293)	2,744,826	72,982	<b>(26,947,485)</b>
Surplus for the year	-	-	26,908,800	<b>26,908,800</b>
<b>Balance at June 30, 2018</b>	<b>61,654,477</b>	<b>6,020,026</b>	<b>85,553,431</b>	<b>153,227,934</b>

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

  
Chief Executive Officer

*DYK*  
  
Director



**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
(A company setup under Section 42 of the Companies Act, 2017)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1. LEGAL STATUS AND OPERATIONS**

1.1 Centre for Economic Research in Pakistan ("the Company") is a company limited by guarantee incorporated in Pakistan on January 14, 2010 as an association not for profit under section 42 of the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). The Company is established to encourage socio-economic research in Pakistan by facilitating the conduct of both theoretical and empirical research in the country and bringing together findings, policy advice and focused debate. The Company's registered office is situated at 19-A FCC, Gulberg IV, Lahore, Pakistan.

**1.2 Functional and presentation currency**

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

**2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE**

During the year, the Company has received grants from Punjab Skills Development Fund (PSDF), University College London (UCL) and Punjab Commission on Status of Women (PCSW) aggregating to Rs. 119.8 million, while agreements with two donors have concluded during the year and surplus funds amounting to Rs. 17.2 million have been transferred to General Fund.

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB)

- as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

**3.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018**

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments 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.

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.

Effective from accounting period  
beginning on or after:  
January 01, 2017

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses.

January 01, 2017

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

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 5, change in nomenclature of primary statements, etc.

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

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

3.3

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

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

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 01, 2018

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

In addition to above, the management of the Company is in process of assessing the implications of the following standards in the financial statements of the Company:

Effective from accounting period beginning on or after:

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities

January 1, 2019

IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

July 1, 2018

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

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

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

### 3.4 Basis of measurement

These financial statements have been prepared under historical cost convention.

### 3.5 Judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

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



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Funds

##### 4.1.1 Restricted fund

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

##### 4.1.2 General fund

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

##### 4.2 Property and equipment

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

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

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

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

##### 4.3 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances which are subject to an insignificant risk of change in value.

##### 4.4 Trade and other payables

Liabilities for trade and other payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

##### 4.5 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

##### 4.6 Revenue recognition

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

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

Profit on bank deposits is recognized on accrual basis.

#### **4.7 Taxation**

The Company has been granted approval under section 2(36) of the Income Tax Ordinance, 2001 for tax years 2017, 2018 and 2019. Accordingly, the income of the Company from donations, grants and contributions is exempt from income tax.

The Company is also entitled to one hundred percent tax credit of the income tax payable, including minimum and final taxes payable, under section 100(C) of the Income Tax Ordinance, 2001.

#### **4.8 Foreign currencies**

Foreign currency transactions are converted into Pak Rupee using the rates prevailing on the date of transaction while monetary assets and liabilities are restated into Pak Rupee using the rates of exchange prevailing at the reporting date.

Exchange differences are included in income and expenditure account.

#### **4.9 Trade and other payables**

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

5. Deferred grant - Income based

Donor	Project	Grants utilized					At June 30, 2018		
		At July 01, 2017	Grant accrued during the year	Income for the year	Capitalization	Transfer to Un-restricted fund adjustments			
Rupees									
Punjab Skills Development Fund/The British Asian Trust	The Punjab Economic Opportunities Program	5,653,145	95,074,718	(73,431,845)	(602,500)	(834,169)	69,702	(74,596,610)	26,128,253
World Bank	Center For Learning On Evaluation And Results	3,998,691	-	(2,314,308)	-	-	(1,715)	(2,316,023)	1,682,668
Harvard University/MIT	Trust In State Authority	18,630,108	-	(1,733,832)	-	-	-	(1,733,832)	16,896,274
Harvard University/Research on Improving Systems of Education	Education Finance Project	26,186,215	53,362,031	(49,199,330)	(2,001,517)	(16,609,399)	2,116,831	(66,693,406)	16,884,840
Harvard University/United Nations Development Programme	Building Capacity To Use Research Evidence	456,299	2,943,246	(4,924,674)	-	-	(1,303)	(4,925,977)	(1,526,232)
Harvard University/LSIE	Preferences Project	477,367	-	(186,757)	-	-	-	(186,757)	290,610
MIT/Harvard University/LSIE	Social Compact Project	6,148,536	7,246,096	(11,222,764)	(30,000)	-	26,275	(11,226,489)	2,270,145
Harvard University/MIT	Benazir Income Support Programme	(362,892)	4,681,824	(3,997,751)	(169,000)	-	12,965	(4,144,386)	174,546
Institute for Social and Economic Research	KP Polo Project	(682,846)	1,388,381	(722,947)	-	-	(1,942)	(724,889)	(18,844)
New York University	Think Project	(1,000,260)	7,597,500	(7,418,616)	(83,500)	-	196,000	(7,306,116)	(708,076)
University of Oxford	Social Norms Project	(26,600)	6,296,940	(1,320,937)	-	-	(71,171)	(1,392,108)	4,877,232
Duke University/Oxford Policy Management	PCSW Project	(342,033)	1,640,540	(5,205,464)	(431,879)	-	160,040	(5,487,303)	(4,168,796)
University College London/LSIE	Assets Transfer Project	493,412	39,204,061	(37,320,012)	(141,250)	-	(603,228)	(38,064,490)	1,632,883
USB Optimus Foundation	Microde Literacy Project	191,894	-	(40,667)	-	-	-	(40,667)	151,227
Innovation for Poverty Action/LSIE	Mobile Money Project	197,091	517,699	(698,477)	-	-	-	(698,477)	16,513
World Bank Group/ICCL/SEAMIT	Public Procurement Project	(216,277)	639,989	(430,207)	-	-	3,200	(427,007)	(3,288)
LSIE/Duke University/International Initiative for Impact Evaluation/AIDB	Women Mobility Project	28,104,427	34,678,470	(69,419,399)	(1,091,629)	-	275,000	(70,236,024)	(7,253,127)
Columbia University	Barriers To Industrial Upgrading	1,518,509	8,613,226	(1,906,482)	-	-	396,527	(1,509,955)	8,562,780
Pomona College	Women Enrollment Project	13,866	-	(744,551)	-	-	-	(744,551)	(730,685)
Precision Agriculture for Development (PAD)	PAD project	-	4,724,548	(5,260,653)	(426,600)	-	-	(5,707,163)	(982,635)
Massachusetts Institute of Technology	Political Connections	-	13,286,516	(14,678,851)	(79,350)	-	-	(14,758,201)	(1,471,686)
		<b>91,419,770</b>	<b>282,217,086</b>	<b>(292,258,580)</b>	<b>(6,047,721)</b>	<b>(17,243,589)</b>	<b>2,567,481</b>	<b>(311,682,379)</b>	<b>61,654,477</b>



	2018 Rupees	2017 Rupees
<b>6. DEFERRED TAXATION</b>		
Deferred tax liability on property and equipment	-	-
<b>6.1 Reconciliation of deferred tax liability</b>		
	At beginning of the year	Recognized / (reversed) in income and expenditure account
		At end of the year
	----- Rupees -----	
<b>Deferred tax liabilities</b>		
Property and equipment June 30, 2018	-	-
<b>Deferred tax liabilities</b>		
Property and equipment June 30, 2017	134,139	(134,139)
	134,139	-

	2018 Rupees	2017 Rupees
<b>7. CREDITORS AND OTHER PAYABLES</b>		
Creditors	58,598,156	7,167,730
Accrued expenses	9,781,536	1,782,209
Withholding tax payable	5,058,560	178,440
Sales tax payable	13,156,732	-
Other payables	-	608,429
	<u>86,594,984</u>	<u>9,736,808</u>

**8. CONTINGENCIES AND COMMITMENTS**

There are no known contingencies and commitments as at June 30, 2018 (June 30, 2017: Nil).

	Note	2018 Rupees	2017 Rupees
<b>9. PROPERTY AND EQUIPMENT</b>			
Project assets	9.1	6,020,026	3,275,200
Owned assets	9.2	2,357,765	2,371,092
		<u>8,377,791</u>	<u>5,646,292</u>

9.1 Project assets

	Cost		As at June 30, 2018		As at July 1, 2017		Accumulated depreciation		As at June 30, 2018		Book value	Rate
	As at July 1, 2017	Additions	Disposals	As at June 30, 2018	As at July 1, 2017	For the year	On disposals	As at June 30, 2018				
Rupees												
Computers and printers	5,595,604	4,036,801	-	9,632,405	3,015,595	2,161,334	-	5,176,929	4,455,476	30		
Office equipment	4,735,355	473,110	-	5,208,465	4,040,164	120,591	-	4,160,765	1,047,710	10		
Furniture and fixture	-	537,810	-	537,810	-	20,970	-	20,970	516,840	10		
Year ended June 30, 2018	10,330,959	5,047,721	-	15,378,680	7,055,759	2,302,895	-	9,358,654	6,020,026			

	Cost		As at June 30, 2017		As at July 1, 2016		Accumulated depreciation		As at June 30, 2017		Book value	Rate
	As at July 1, 2016	Additions	Disposals	As at June 30, 2017	As at July 1, 2016	For the year	On disposals	As at June 30, 2017				
Rupees												
Computers and printers	4,320,419	1,894,108	(618,923)	5,595,604	1,799,290	1,570,278	(353,973)	3,015,595	2,580,009	30		
Office equipment	4,761,304	91,651	(117,600)	4,735,355	3,986,015	116,259	(62,110)	4,040,164	695,191	10		
Furniture and fixture	56,555	-	(56,555)	-	14,674	5,656	(20,330)	-	-	10		
Year ended June 30, 2017	9,138,278	1,985,759	(793,078)	10,330,959	5,799,979	1,692,193	(436,413)	7,055,759	3,275,200			

9.2 Owned assets

	Cost		As at June 30, 2018		As at July 1, 2017		Accumulated depreciation		As at June 30, 2018		Book value	Rate
	As at July 1, 2017	Additions	Disposals	As at June 30, 2018	As at July 1, 2017	For the year	On disposals	As at June 30, 2018				
Rupees												
Computers and printers	690,983	581,141	-	1,272,124	594,109	304,077	-	898,186	373,938	30		
Office equipment	1,222,163	51,100	-	1,273,263	323,219	126,475	-	449,694	823,569	10		
Furniture and fixture	2,150,162	-	-	2,150,162	774,888	215,016	-	989,904	1,160,258	10		
Year ended June 30, 2018	4,063,308	632,241	-	4,695,549	1,692,216	645,568	-	2,337,784	2,357,765			

	Cost		As at June 30, 2017		As at July 1, 2016		Accumulated depreciation		As at June 30, 2017		Book value	Rate
	As at July 1, 2016	Additions	Disposals	As at June 30, 2017	As at July 1, 2016	For the year	On disposals	As at June 30, 2017				
Rupees												
Computers and printers	382,683	308,300	-	690,983	214,479	379,630	-	594,109	96,874	30		
Office equipment	961,563	260,600	-	1,222,163	159,131	164,088	-	323,219	898,944	10		
Furniture and fixture	2,093,607	56,555	-	2,150,162	545,198	229,690	-	774,888	1,375,274	10		
Year ended June 30, 2017	3,437,853	625,455	-	4,063,308	918,808	773,408	-	1,692,216	2,371,092			

	2018 Rupees	2017 Rupees
<b>10. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advance to employees against expenses	981,594	337,930
Prepaid expenses	2,857,822	1,416,658
Grant receivable	23,630,097	20,386,550
Security deposits	9,107,431	-
Other receivable	3,945,236	3,134,592
	<u>40,522,180</u>	<u>25,275,730</u>

**11. SHORT TERM INVESTMENT**

This investment was made by the Company in mudarabah and sharikah certificates of Meezan Bank Limited, which matured during the year on January 01, 2018. It carried interest at the rate ranging from 5.10% to 5.20% (2017 : 5.10%) per annum.

	2018 Rupees	2017 Rupees
<b>12. CASH AND BANK BALANCES</b>		
Cash in hand	40,363	13,498
Cash at bank		
- Current account	84,371,967	4,303,280
- Saving accounts	102,804,610	45,168,558
	<u>187,176,577</u>	<u>49,471,838</u>
	<u>187,216,940</u>	<u>49,485,336</u>

12.1 These balances carry markup at the rate ranging from 4% to 5.30% (2017: 3.45% to 3.89%) per annum.

	Note	2018 Rupees	2017 Rupees
<b>13. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	12	187,216,940	49,485,336
Short term investment		-	80,000,000
		<u>187,216,940</u>	<u>129,485,336</u>



14. SEGMENT WISE INCOME AND EXPENDITURE ACCOUNT

2018

Notes	The Punjab Economic Opportunities Program (EOP)	The Punjab Economic Opportunities Program (EOP)	The Punjab Economic Opportunities Program (EOP)	Gender for Learning on Evaluation and Results	Trust in State Authority	Education Financing Project	Supporting Dis	Think Project	Building Capacity to use Research Evidence	Preferences project
	(EOP)	(EOP)	(EOP)							

Income	10,778,735	5,935,911	56,715,987	2,314,336	1,733,832	49,159,330	2,987,791	7,418,816	4,924,674	168,757
Grants	-	-	-	-	-	-	-	-	-	-
General fund	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Transferred from deferred grant	-	-	-	-	-	-	-	-	-	-
Exchange grants	119,225	-	148,142	-	98,657	887,626	64,409	-	45,499	-
Amortization of capital grant	-	-	-	-	-	-	-	-	-	-
	10,898,960	5,935,911	56,864,129	2,314,336	1,832,489	50,046,938	4,042,150	7,463,856	4,970,173	168,757

Expenditure

Salaries and benefits	5,128,129	126,000	6,043,471	1,704,649	1,604,950	18,345,983	2,428,972	2,811,583	1,409,000	85,000
Surveys	4,239,000	-	46,096,439	383,582	41,523	17,026,595	1,028,734	4,480,460	-	92,303
Traveling and conveyance	182,765	-	1,718,387	87,850	-	6,080,089	-	49,627	-	10,527
Training charges	-	-	-	-	-	-	-	-	-	-
Consultancy charges	-	-	-	-	-	39,142	-	-	-	-
Computer and internet expenses	-	-	226,677	66,975	42,285	387,183	22,987	175,833	43,893	6,948
Mail and entertainment	12,016	25,940	61,809	21,639	-	470,354	89,832	13,256	500	-
CEOP overheads	-	5,776,313	-	-	-	2,982,270	289,387	-	3,350,210	-
Fueling and stationery	28,025	-	43,375	57,109	500	520,156	6,280	6,418	-	2,374
Cell phone	-	-	-	-	-	-	-	-	-	-
Rent	1,217,796	-	-	-	-	89,000	-	-	162,334	-
Repair and maintenance	-	-	250	-	-	89,740	-	-	-	-
Communication charges	-	-	181,756	13,541	21,048	390,791	28,856	19,918	-	9,008
Auditor remuneration	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-
Depreciation	119,225	-	148,142	-	98,657	887,608	44,409	25,068	15,000	-
Event expenses	-	-	-	-	-	496,250	-	-	45,499	-
Website and software maintenance	-	-	-	-	-	-	-	-	-	-
Data entry charges	-	-	26,120	-	-	-	-	-	-	-
Insurance	-	-	188,834	1,896	21,850	60,867	6,414	4,863	578	-
Advertisement expenses	-	-	-	-	-	9,380	21,420	-	-	-
Office expenses	-	-	-	-	-	18,481	-	-	-	-
Statutory compliance	-	-	-	-	-	-	-	-	-	-
Bank charges	-	3,858	-	2,094	-	7,215	3,829	5,812	3,159	248
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Post expense	-	-	-	-	-	-	-	-	-	-
Visitor delivery	-	-	-	-	-	-	-	-	-	-
Legal charges	-	-	85,000	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	24,878	6,060	1,705	1,194,874	22,870	12,668	-	246

Surplus before tax	10,898,960	5,935,911	56,864,129	2,314,336	1,832,489	50,046,938	4,042,160	7,463,856	4,970,173	198,757
Taxation	-	-	-	-	-	-	-	-	-	-
Surplus before tax	10,898,960	5,935,911	56,864,129	2,314,336	1,832,489	50,046,938	4,042,160	7,463,856	4,970,173	198,757

Social Compact Project	Assets Transfer Project	Micro Literacy Project	Mobile Money Project	Women Mobility Project	Women Mobility Project/PCSW/ERH	Women Enrollment Project	Public Procurement Project	Social Norms Project	PSCW Project	KP Polio Project	Barriers To Industrial Upgrading
11,222,764	37,320,012	40,667	698,477	67,209,029	2,210,370	744,551	430,207	1,320,937	5,206,464	722,947	1,966,482
90,773	25,485	102,870	-	-	-	-	-	-	-	-	-
11,313,537	37,345,477	143,537	698,477	67,571,520	2,247,982	744,551	430,207	1,320,937	5,237,824	722,947	1,966,482
7,035,525	2,353,229	40,667	251,300	14,001,172	1,376,645	714,869	70,000	829,098	3,039,054	706,000	1,763,802
19,200	30,787,948	-	-	19,935,364	37,152	-	-	446,594	141,378	-	16,000
1,274,672	211,576	-	-	4,829,109	-	-	-	-	-	-	141,327
-	-	-	-	1,830	-	-	-	-	-	-	-
828,814	53,957	-	-	16,320,710	47,859	27,698	-	5,518	65,191	-	-
85,447	20,015	-	13,899	678,640	11,924	-	-	10,805	77,752	7,493	-
1,321,182	3,852,524	-	416,699	5,226,253	22,505	-	-	2,535	17,324	-	29,422
384,245	3,768	-	-	163,296	346,800	-	-	-	-	-	-
-	-	-	-	1,431,353	1,200	-	-	-	-	-	-
9,358	-	-	-	773,098	375,000	-	-	-	-	-	-
157,471	24,000	-	12,000	2,408,398	163,720	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
90,773	25,485	102,870	-	316,089	18,607	-	-	15,489	134,951	-	-
-	-	-	-	362,491	37,612	-	-	-	63,400	-	-
-	-	-	-	-	-	-	-	-	116,233	-	-
87,288	5,279	-	2,213	73,556	913	1,744	1,157	-	13,014	1,240	5,318
-	-	-	-	19,376	24,157	-	-	1,508	9,151	-	-
4,312	6,941	-	2,106	1,580	-	-	-	-	30,521	8,214	-
-	-	-	-	-	-	-	-	-	-	-	-
5,249	774	-	260	88,482	133,898	240	11,090	9,392	76,026	-	-
11,313,537	37,345,477	143,537	698,477	67,571,520	2,247,982	744,551	430,207	1,320,937	5,237,824	722,947	1,966,482

Rupees

Political Connections Project	PAD Project	Total	General funds	Aggregate	Donated funds	General funds	Aggregate
14,678,851	5,280,683	292,258,580	26,953,099	292,258,580	200,216,146	9,777,033	200,216,146
-	-	-	4,898,139	26,953,099	-	7,562,373	9,777,033
-	-	-	17,243,559	4,898,139	-	44,946,043	7,562,373
-	-	-	2,024,645	17,243,559	-	(1,384,536)	44,946,043
20,884	127,950	2,302,895	-	2,302,895	1,692,193	(1,384,536)	(1,384,536)
14,699,735	5,408,633	294,561,475	51,119,442	345,680,917	201,908,339	60,900,913	262,809,252

2,579,479	4,273,458	79,788,755	14,705,758	94,494,513	72,299,299	4,583,740	76,883,039
9,048,900	-	132,448,206	-	132,448,206	83,168,845	-	83,168,845
1,148,465	210,896	17,726,393	152,969	17,879,362	15,058,409	563,917	15,622,326
-	-	69,690	203,896	273,586	757,703	-	757,703
-	-	16,359,852	2,566,000	18,925,852	-	3,070,620	3,070,620
10,068	22,952	2,754,072	770,481	3,524,553	2,341,154	549,110	2,890,264
28,078	6,983	1,062,009	254,295	1,316,304	825,099	215,947	1,041,046
1,724,728	616,723	26,953,099	-	26,953,099	9,777,033	-	9,777,033
35,934	87,009	1,377,054	139,475	1,516,529	1,509,057	56,147	1,565,204
-	-	1,431,353	-	1,431,353	3,710,191	-	3,710,191
-	-	2,693,179	1,241,870	3,935,049	1,627,500	1,261,000	2,888,500
-	-	326,469	155,685	482,154	34,150	213,850	248,000
54,875	14,850	4,528,810	118,549	4,647,359	1,036,128	34,555	1,070,683
-	-	-	322,000	876,818	-	640,125	640,125
20,884	-	360,710	516,108	2,948,463	72,688	434,171	506,859
-	127,950	2,302,895	645,568	2,948,463	1,692,193	426,142	2,118,335
-	-	496,250	-	496,250	755,186	-	755,186
-	-	-	30,000	30,000	-	-	-
-	-	-	-	1,457,589	-	-	-
-	-	1,457,589	-	1,457,589	224,650	471,278	695,928
16,643	18,347	516,757	593,955	1,110,712	14,600	-	14,600
17,100	-	47,800	1,180,435	1,272,940	43,906	1,059,680	1,103,586
-	-	92,505	7,000	7,000	-	8,000	8,000
3,054	3,386	56,618	50,611	107,229	46,796	29,595	76,391
-	-	-	-	-	74,415	-	74,415
-	-	-	-	-	2,625,750	-	2,625,750
-	-	-	-	-	3,787,950	-	3,787,950
-	-	85,000	-	85,000	-	-	-
-	-	1,626,410	555,987	2,182,397	425,637	238,930	664,567
11,527	26,079	1,626,410	-	2,182,397	-	-	-
14,699,735	5,408,633	294,561,475	24,210,642	318,772,117	201,908,339	13,856,807	215,765,146
-	-	-	26,908,800	26,908,800	-	47,044,106	47,044,106
-	-	-	26,908,800	26,908,800	-	740,766	740,766
-	-	-	26,908,800	26,908,800	-	47,784,872	47,784,872



	Note	2018 Rupees	2017 Rupees
<b>15. OTHER INCOME</b>			
Income from financial assets:			
Profit on bank deposits		3,028,903	3,215,348
Profit on short term investment		1,809,260	745,248
Income from non financial assets:			
Course fee			3,456,878
Others		59,976	144,899
		<u>4,898,139</u>	<u>7,562,373</u>

**16. TRANSFER FROM DEFERRED GRANT**

This represents transfer of funds related to agreements with Department for International Development and World Bank amounting to Rs. 634,169 and Rs. 16,609,390 respectively.

	2018 Rupees	2017 Rupees
<b>17. TAXATION</b>		
Current	-	-
Prior	-	(606,627)
Deferred	-	(134,139)
	<u>-</u>	<u>(740,766)</u>

**18. FINANCIAL INSTRUMENTS BY CATEGORIES**

Financial assets as per statement of financial position -

Loans and receivables

Long term deposits	1,477,204	1,477,204
Advances and other receivables	36,682,764	23,521,142
Short term investment	-	80,000,000
Cash and bank balances	187,216,940	49,485,336
	<u>225,376,908</u>	<u>154,483,682</u>

Financial liabilities as per statement of financial position -

At Amortized cost

Creditors and other payables	68,379,692	8,949,939
	<u>68,379,692</u>	<u>8,949,939</u>

**19. FINANCIAL RISK MANAGEMENT**

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

Credit risk  
Liquidity risk  
Market risk

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

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

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

#### 19.1 Credit risk

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

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

##### Counterparties

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

##### Banks

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

Bank	Rating		Rating agency	2018	2017
	Short term	Long term		Rupees	
Meezan Bank Limited	AA+	A-1+	JCR-VIS	23,214,017	27,294,472
Bank Alfalah Limited	AA+	A-1+	PACRA	202,304	381,337
Standard Chartered Bank Limited	AAA	A-1+	PACRA	163,464,585	21,500,893
Sikbank Limited	A-2	A-	JCR-VIS	5,092	4,556
Telenor Microfinance Bank Limited	A-1	A+	JCR-VIS	290,579	290,579
				<u>187,176,577</u>	<u>49,471,838</u>

##### Exposure to credit risk

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

	2018 Rupees	2017 Rupees
<b>Financial assets</b>		
Bank balances	187,176,577	129,485,336
Short term investment	-	80,000,000
Long term deposits	1,477,204	1,477,204
Advances and other receivables	36,682,764	23,521,142
	<u>225,336,545</u>	<u>234,483,682</u>

## Impairment losses

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

## 19.2 Liquidity risk management

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

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

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

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

2018				
Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years

Rupees

Trade and other payables

68,379,692    68,379,692    68,379,692    -    -

**68,379,692    68,379,692    68,379,692    -    -**

2017				
Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years

Rupees

Trade and other payables

8,949,939    8,949,939    8,949,939    -    -

**8,949,939    8,949,939    8,949,939    -    -**

## 19.3 Market risk

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

## 19.4 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arises from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprises:

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

The potential currency exposures are discussed below:

### Transactional exposure in respect of non functional currency monetary items

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

### Transactional exposure in respect of non functional currency expenditure and revenues

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

### Exposure to currency risk

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

	----- 2018 -----		
	Rupees	US\$	GBP
Cash and cash equivalents	15,722,443	128,076	1,092
Trade and other payables	17,053,359	140,472	-
<b>Statement of financial position exposure</b>	<b>15,722,443</b>	<b>128,076</b>	<b>1,092</b>

	----- 2017 -----		
	Rupees	US\$	GBP
Cash and cash equivalents	3,683,565	25,745	7,224
Trade and other payables	630,621	6,035	-
<b>Statement of financial position exposure</b>	<b>4,314,186</b>	<b>31,780</b>	<b>7,224</b>

	Average rate		Reporting date mid spot rate	
	2018	2017	2018	2017
	----- Rupees -----			
The following significant exchange rates have been applied:				
Rupee to US \$	113.1	104.8	121.4	104.85
Rupee to GBP	147.6	135.8	159.36	135.8



### Sensitivity analysis

A 10 percent weakening of the Pak Rupee against the USD at June 30, 2018 would have increased loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2017.

Effect on loss for the year: US \$ to Rupee	2018 Rupees	2017 Rupees
Increase in loss for the year	<u>1,554,843</u>	<u>269,936</u>
<b>GBP to Rupee</b>		
Increase in loss for the year	<u>17,402</u>	<u>98,102</u>

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

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

### 20. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2018		2017	
	Chief Executive	Executives	Chief Executive	Executives
	-----Rupees-----			
Remuneration	3,428,513	37,907,807	-	28,103,767
<b>Perquisites</b>				
Medical allowance	403,519	4,112,209	-	3,006,020
Income tax	606,678	3,214,283	-	1,956,435
Reimbursement of expenses	1,807,280	-	-	-
	<u>6,245,990</u>	<u>45,234,299</u>	<u>-</u>	<u>33,066,222</u>
Number of persons	1	33	1	32

21. **NUMBER OF EMPLOYEES**

The average and total number of employees during the year ended June 30, 2018 and June 30, 2017 are as follows:

	2018	2017
	Number of employees	
Average number of employees	<u>63</u>	<u>55</u>
Total number of employees	<u>70</u>	<u>56</u>

22. **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 05 OCT 2018 by the Board of Directors of the Company.

23. **GENERAL**

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

Figures have been rounded off to the nearest rupee.

  
Chief Executive Officer

DYA

  
Director

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