



**CERP**  
EVIDENCE MATTERS

2022-2023

# Annual Report

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Pakistan

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# Director's Note

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The 2022-23 Fiscal year witnessed the highest ever Surplus for the year (+200% increase YoY). While we are a Non-Profit Organization (NPO), and hence adhere to the required regulations, we strongly believe that institution building must be grounded in sustainability. This kind of growth ensures independence, signals strength, and enables scale.



CERP's journey, especially over the last five years, has advanced this through a unique model where world-class non-revenue seeking research is co-located with revenue generating units to create intellectual and financial value. We have six practices / verticals: Data Analytics, CERP Labs (Technology), Learning Hub, Policy Advisory, Research and Survey Unit across Lahore, Karachi and Islamabad. We also established **CLEAR PCA** this year to enhance capacity for M&E in Pakistan and Central Asia in partnership with the Global Evaluation Initiative (GEI). There are lots of aggregation benefits of co-locating three key functions; Knowledge Production, Capacity Building and a "Product Approach" in deploying data-driven insights across public, development and private sectors.

The **Data Analytics** unit had a record year with +350 % increase YoY in Surplus led by our work Mathematica and R4D in maternal health. It combined quasi-experimental Monitoring Learning Evaluation (MLE) work with designing and analyzing market pricing models. The analytics work now spans four sectors through partnerships (e.g. Karandaaz, IBA, AKU) across Health, Financial Services, Agri and Retail.

**CERP Labs** also had a record year recovering from last year's uncharacteristic dip (i.e., +440% increase YoY). More importantly, the Data Collection App (MiCare) was a great partnership with RSPN to digitize information collected by Community Health Workers (CHWs). We also built an Agri platform to combine weather forecasting data with targeted advisory through our partnerships with PxD, CFAN and Telenor. Targeted Instruction Program (TIP) research program utilized technology interventions to solve a specific pain point for teachers in Peshawar, Mardan and ICT schools to grade and assess student deficiencies so they could be better targeted for Accelerated Learning Program. There is a lot of synergy between Data Analytics and CERP Labs to build next generation decision support systems across sectors.

The **Learning Hub** vertical had a historic year both financially and in terms of expanding global as well as local partnerships (e.g. Balochistan Civil Services Academy). The Energy Transition workshop in partnership with Princeton's Andlinger Center for Energy and the Environment (ACEE) and Julis-Rabinowitz Center for Finance and Public Policy (JRCFPP-SPIA) has incredibly high demand due to peculiarities Pakistan faces in terms of its energy infrastructure and its externalities on fiscal space. We are looking forward to building three capabilities within the Learning Hub: targeted experiential learning modules, behavioral science lab, and case studies that adjust for context and highlight relevant evidence.

**Policy Advisory** built a strong pipeline of advisory projects that enhance government capability on the implementation side and deepen the culture of evidence. Our work on financial valuation in KP, economic empowerment in South Punjab, and HIV information and prevention proactively make program implementation evidence informed. Our vision is to create a model that is impact maximizing with long-term embedded work side by side with our government partners instead of a usual short-term step-repeat model. We believe these deeper engagements will have more value in the long run.



It was a historic year in terms of **Research** volume and diversity of programs at CERP (i.e., +75 % increase YoY) led by Education-TIP, Women's Mobility, Health, Gender Norms but also new interventions like the economics of urban waste, preferences and motivation among bureaucrats, and cognitive skills project. The Research Development department that supports and builds new research capacity conducted a scoping study on mobile money platform usage by domestic migrant workers. CERP also established its own IRB which will aid in scaling and bringing more research to Pakistan.

The **Survey Unit** at CERP had a record financial year but more importantly demonstrated significant growth beyond the traditional research sector to doing high-quality surveys in the development sector. It also pivoted nicely despite Precision Development (PxD) shutting down its work in Pakistan and canceling planned surveys. We see tremendous opportunity in both development and private sectors for a robust and high-quality data collection intervention. The team also worked on air pollution to look at regional heterogeneity across socio-economic indicators. We want to conduct more high-frequency surveys with both research and policy implications.

CERP embodies a growth mindset. We want to do things well and at scale so we can maximize impact. We have also launched a structured branding exercise of CERP with the catchphrase 'Evidence Matters' to fully represent the organization and its different verticals / practices. To create content that can reach a wider audience in ways that make our work more accessible. Ultimately, through our web presence, we want to also highlight the incredible talent we have assembled under one roof and showcase how we realize our unstated mission of human capital development in Pakistan every single day. This fiscal year culminates Phase 1 of our vision for CERP with not only highest Surplus for the Year, but also +762% increase over the last five years which constitutes 2.3B PKR in gross project funding. CERP's last five year journey has validated our vision and given us renewed purpose to continue building a unique institution that enhances impact in innovative ways.

On the business risk side, the prevailing uncertain political condition in the country and lack of long term policies raises high concerns for donor while taking investing decision. This may cause donors to focus on other countries with better political and economic conditions. Stringent policy towards foreign remittance makes it hard to import the services of experts and the donors show their reservations while making decision on allocating grants. In many areas of work such experts are needed and the company unwillingly had to drop such business.

The Directors would like to welcome Ms. Maheen Rahman and Ms. Dilnaz Avari as new members of the board.

Maheen Rahman was appointed the Chief Executive Officer (CEO) of InfraZamin Pakistan in 2020. Maheen has over twenty years of experience in investment banking, research and asset management. In addition to her extensive work experience and professional achievements, Maheen holds a Bachelor of Science (Hons) degree in Economics from the Lahore University of Management Sciences (LUMS) and a Master of Science in Finance and Economics from Warwick Business School in the UK.


Dilnaz Avari teaches Business Studies at Cedar College. For the past fifteen years, she taught Business Studies at The Lyceum School. Additionally, she has conducted various Cambridge International Examination training courses for teachers, and the Duke of Edinburgh Awards Programme in Pakistan. She actively engages in charitable and philanthropic activities. Dilnaz received her Masters in Business Administration (MBA) from Institute of Business Administration (IBA).

At the date of this report, Directors of CERP are:

- Dr. Ali Cheema
- Dr. Asim Ijaz Khawaja
- Dr. Atif Rehman Mian
- Dr. Basit Ahmed Khan Zafar
- Ms. Dilnaz Avari
- Ms. Maheen Rahman
- Dr. Tahir Raza Shah Andrabi

Furthermore, there were no expenses reimbursed to the Chief Executive Officer and Directors for attending the Board Meetings.

Thank you!  
Best Regards,



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Maroof A. Syed  
President & CEO  
CERP | Evidence Matters



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Dr. Ali Cheema  
Director

# About CERP

CERP is a leading impact-driven organisation focused on improving decision making through rigorous research, advanced analytics, capacity building, data collection and advisory services for public and private sectors.

## OUR MISSION

Our mission is to deepen the culture of evidence across public and private sectors, inspire innovation, drive impact, and improve lives.

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

CERP is set up as a non-profit under Section 42 of the Companies Ordinance, 1984 (replaced with the enactment of the Companies Act, 2017) and has its main office in Lahore, Pakistan.





## IMPLEMENTING PARTNERS

- Adult Basic Education Society
- Agriculture Department, Government of Punjab
- Aman Foundation
- Communication and Works Department, Government of Punjab
- Excise and Taxation Department, Government of Punjab
- Finance Department, Government of Punjab
- Health Department, Government of Punjab
- Higher Education Department, Government of Punjab
- Livestock and Dairy Development Department (LDDD), Government of Punjab
- Local Government Department, Government of Punjab
- National Commission for Human Development (NCHD)
- Punjab Information Technology Board (PITB)
- TeleTaleem
- Punjab Public Procurement Regulatory Authority (PPRA)
- Punjab Resource Management Programme (PRMP)
- Punjab Skills Development Fund (PSDF)
- Regional Centers for Learning on Evaluation and Results (CLEAR)
- School Education Department, Government of Punjab
- Oxford University Press
- Tameer Micro Finance Bank
- Civil Services Academy
- National School of Public Policy (NSPP)
- Punjab Social Protection Authority
- Social Welfare Department Punjab
- Idara-e-Taleem-o-Aagahi
- Elementary & Secondary Education Department, Khyber Pakhtunkhwa
- Primary & Secondary Health Department, Government of Punjab

## DONORS

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

## DONORS

- Warwick University
- The Institute of Development Studies (IDS)

## NETWORK AFFILIATES

### Local

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

### International

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

## General Body and Board of Directors

### Dr. Basit Ahmad Khan Zafar

Professor of Economics, University of Michigan  
PhD Economics, Northwest University

### Dr. Atif Rehman Mian

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

### Dilnaz Avari

Board of Trustees, Empowering Communities for Change  
Masters in Business Administration, Institute of Business Administration

### Dr. Asim Ijaz Khwaja

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

### Dr. Ali Cheema

Associate Professor Economics LUMS,  
PhD Economics, University of Cambridge

### Dr. Tahir Raza Shah Andrabi

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

### Maheen Rahman

Chief Executive Officer of Infra Zamin, Pakistan  
MSC Finance and Economics, Warwick Business School, UK

### Maroof Ali Syed

President and CEO, CERP  
Non-Resident Fellow, Julis-Rabinowitz Center for Public Policy & Finance,  
Princeton University,  
MC/MPA, Harvard University

## Finance and Audit Committee

**Dr. Ali Cheema**

Chair / Member of Board of Directors

**Asif Ur Rehman Mirza**

Chief Financial Officer

**Dr. Atif Rehman Mian**

Member of Board of Directors

**Maroof Ali Syed**

President and Chief Executive Officer

## HR Committee

**Dr. Asim Ijaz Khwaja**

Member Board of Directors

**Maroof Ali Syed**

President and Chief Executive Officer

**Dr. Tahir Raza Shah Andrabi**

Member Board of Directors

**Imran Ur Rahman**

Executive Vice President, Human Resources

## Company Secretary

**Asif Ur Rehman Mirza**

Chief Financial Officer

## Safeguarding Officer

**Amna Aaqil Malik**

Director, Marketing and Partnerships

## Auditors

### **BDO Pakistan**

3rd Floor, 22-East, Saeed Plaza , Blue Area, Jinnah Avenue  
44000 Islamabad

<https://www.bdo.com.pk/>

## Legal Advisers

### **Axis Law Chambers**

5-S,Gulberg II, Lahore.  
Contact No: +92 (42) 35750930-32  
<http://www.axislaw.pk>

## Tax Consultants

### **UHY Hassan Naeem & Co. Chartered Accountants:**

A member of UHY, an international association of independent accounting and consulting firms.

193-A, Shah Jamal Lahore Pakistan.

Contact No: +92 (42) 7599938.

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





# FINANCIAL STATEMENTS

For the year ended 30 June, 2023

## **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, 2023, and the statement of income and expenditures, the statement of comprehensive income, the statement of cash flows, the statement of accumulated funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditures, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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, 2023 and of the surplus and other comprehensive income, its cash flows and the statement of accumulated fund 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 Auditors 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 Auditors Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



### Responsibilities of Management and 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.

### Auditors 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 auditors 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 auditors 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

**BDO Ebrahim & Co. Chartered Accountants**

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evidence obtained up to the date of our auditors 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, the statement of income and expenditures, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 auditors report is Abdul Qadeer.

ISLAMABAD

DATED: 19 OCTOBER 2023  
UDIN: AR202310095kRDlepzYc

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS  


BDO Ebrahim & Co. Chartered Accountants

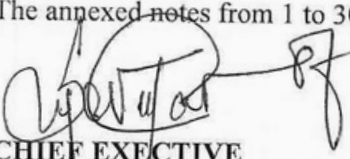
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**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>FUNDS AND LIABILITIES</b>			
<b>ACCUMULATED FUND</b>			
Restricted fund			
Deferred grant - income based	5	206,842,536	160,673,516
Deferred grant - capital based		7,530,135	6,524,449
		214,372,671	167,197,965
General fund - unrestricted		230,206,206	135,708,552
<b>TOTAL FUNDS</b>		<u>444,578,877</u>	<u>302,906,517</u>
<b>NON-CURRENT LIABILITY</b>			
Lease liability	6	-	8,378,563
<b>CURRENT LIABILITIES</b>			
Current portion of lease liability	6	7,399,970	7,399,970
Trade and other payables	7	86,191,878	64,006,878
		93,591,848	71,406,848
<b>TOTAL LIABILITIES</b>		<u>93,591,848</u>	<u>79,785,411</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-	-
<b>TOTAL FUND AND LIABILITIES</b>		<u>538,170,725</u>	<u>382,691,928</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	23,958,838	19,930,431
Right of use asset	10	6,904,536	13,809,069
Long term deposits	11	3,019,000	3,019,000
Long term loans to employees		-	164,990
		33,882,374	36,923,490
<b>CURRENT ASSETS</b>			
Current portion of long term loan		225,001	604,621
Advances, prepayments, deposits and other receivables	12	5,842,416	4,664,212
Trade receivables	13	149,952,612	70,872,368
Contract assets	14	8,825,771	11,468,179
Grant receivables	15	87,081,458	32,362,063
Tax refunds due from the Government	16	46,680,232	38,847,594
Cash and bank balances	17	205,680,861	186,949,401
		504,288,351	345,768,438
<b>TOTAL ASSETS</b>		<u>538,170,725</u>	<u>382,691,928</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023			2022
		Restricted Rupees	Unrestricted Rupees	Total Rupees	Total Rupees
<b>INCOME</b>					
Grants	22	399,125,177	83,267,604	482,392,781	372,024,324
Service income	18	-	323,136,311	323,136,311	117,787,769
Other income	19	9,802	8,469,414	8,479,216	11,933,024
Exchange gain - net		5,737,095	49,535,959	55,273,054	13,204,816
Amortization of capital grant	9.3	3,974,021	-	3,974,021	2,850,723
		408,846,095	464,409,288	873,255,383	517,800,656
<b>LESS: EXPENDITURE</b>					
Direct expenses	22	(407,720,350)	(246,667,133)	(654,387,483)	(412,458,025)
Administrative expenses	21	-	(120,882,007)	(120,882,007)	(72,982,914)
Exchange loss net	22	(1,125,745)	(86,182)	(1,211,927)	-
Finance costs	6	-	(2,276,312)	(2,276,312)	(3,355,996)
		(408,846,095)	(369,911,634)	(778,757,729)	(488,796,935)
<b>SURPLUS FOR THE YEAR</b>		-	94,497,654	94,497,654	29,003,721

The annexed notes from 1 to 30 form an integral part of these financial statements.


  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023 Rupees	2022 Rupees
<b>SURPLUS FOR THE YEAR</b>	94,497,654	29,003,721
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be subsequently reclassified to statement of income and expenditure	-	-
Items that may not be subsequently reclassified to statement of income and expenditure	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>94,497,654</u>	<u>29,003,721</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

22/06/23

  
DIRECTOR

**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
**STATEMENT OF ACCUMULATED FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Restricted		Un-restricted	Total
Deferred grant income based	Deferred grant capital based	General fund	
-----Rupees-----			

Balance as at July 01, 2021	136,476,517	5,216,194	104,537,662	246,230,373
Grants received during the year	370,259,220	-	-	370,259,220
Capital expenditure	(4,158,978)	4,158,978	-	-
Grant utilized during the year	(372,024,324)	-	-	(372,024,324)
Other adjustments	30,121,081	-	2,167,169	32,288,250
Amortization for the year	-	(2,850,723)	-	(2,850,723)
	24,196,999	1,308,255	2,167,169	27,672,423
Total comprehensive income for the year	-	-	29,003,721	29,003,721
Balance as at June 30, 2022	160,673,516	6,524,449	135,708,552	302,906,517
Grants received during the year	488,716,322	-	-	488,716,322
Capital expenditure	(4,969,998)	4,944,798	-	(25,200)
Grants utilized during the year	(482,392,781)	-	-	(482,392,781)
Other adjustments (Unbilled invoices)	44,815,477	-	-	44,815,477
Amortization for the year	-	(3,939,112)	-	(3,939,112)
	46,169,020	1,005,686	-	47,174,706
Total comprehensive income for the year	-	-	94,497,654	94,497,654
Balance as at June 30, 2023	206,842,536	7,530,135	230,206,206	444,578,877

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

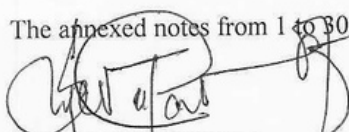
  
**DIRECTOR**



**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus for the year		94,497,654	29,003,721
<b>Adjustment of non-cash items:</b>			
Depreciation of property and equipment	9	8,556,283	6,722,327
Depreciation of right-of-use asset	10	6,904,533	6,904,534
Bad debts		10,000	-
Expected credit loss	20	741,953	-
Finance costs	6	2,276,312	3,355,996
Exchange gain - net		(55,273,054)	(13,204,816)
		(36,783,973)	3,778,041
Cash flows before working capital changes		57,713,681	32,781,762
Changes in working capital			
<b>Decrease / (increase) in current assets</b>			
Advances prepayments and other receivables		(1,178,204)	(1,789,627)
Trade receivables		(78,646,574)	(59,273,041)
Contract asset		2,642,408	(4,363,690)
Grant receivables		(54,719,395)	(25,978,942)
Tax refunds due from the Government		(7,832,638)	(18,157,814)
<b>Increase / (decrease) in current liabilities</b>			
Contract liabilities		-	(713,878)
Trade and other payables		22,185,000	22,251,493
		(117,549,403)	(88,025,499)
Net cash used in operations		(59,835,722)	(55,243,737)
Finance costs paid		(2,276,312)	(3,355,996)
Long term loans - net		544,610	599,620
		(1,731,702)	(2,756,376)
Net cash used in operating activities		(61,567,424)	(58,000,113)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	9	(12,584,690)	(6,298,071)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liability	6	(8,378,563)	(6,330,254)
Grants received during the year - net		47,199,906	27,672,423
Net cash flows from financing activities		38,821,343	21,342,169
Net decrease in cash and cash equivalents		(35,330,771)	(43,586,015)
Effect of exchange rate changes on cash and cash equivalents		54,062,231	11,114,350
Cash and cash equivalents at beginning of year		186,949,401	219,421,066
Cash and cash equivalents at end of year		205,680,861	186,949,401

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**1 LEGAL STATUS AND OPERATIONS**

- 1.1 Centre for Economic Research in Pakistan ("the Company") is a company limited by guarantee incorporated in Pakistan on 04 January 2010 as an association not for profit under section 42 of the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act 2017). The Company is established to encourage socio-economic research in Pakistan by facilitating the conduct of both theoretical and empirical research in the country and bringing together findings, policy advice and focused debate. The Company's registered office is situated at 29-P, Gulberg II, Lahore, Punjab, Pakistan.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017 (the Act);
- Accounting standards for Not-for-Profit Organizations (Accounting standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

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

**2.2 Functional and presentation currency**

These financial statements are presented in Rupees, which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded to the nearest Rupees, unless otherwise stated.

**2.3 Basis of measurement**

These financial statements have been prepared under the historical cost convention unless otherwise stated.

**2.4 Significant accounting judgements and estimates**

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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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 judgment about carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are 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.

Judgments made by the management in the application of accounting and reporting standards, as applicable in Pakistan that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are documented in the following accounting policies and notes, and relate primarily to:

	<u>Note</u>
- Provisions	4.5
- Useful lives, residual values, and method of depreciation of property and equipment	4.6

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

#### **3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023**

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not expected to have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
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

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

#### **3.2 New accounting standards, amendments and interpretations that are not yet effective**

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

*2024*

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
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, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

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

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contract

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Accumulated fund**

###### **4.1.1 Restricted fund**

Funds obtained from donors are credited under project funds. These fund are subsequently amortized and charged as income. Utilization of this fund is according to the plan agreed with donors of the projects.

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#### 4.1.2 General fund

This is an unrestricted fund. Movement in this fund is the surplus and deficit during the year. Utilization of this fund is not restricted to any specific purpose.

#### 4.2 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### a) Right-of-use assets

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

##### b) Lease liabilities

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

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date (Note 6). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### c) Short-term leases and leases of low-value assets

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

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#### **d) Determining the lease term of contracts**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company's lease contracts include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

#### **4.3 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when the Company performs under the contract.

#### **4.4 Employee benefits - retirement benefits**

The Company operates a funded recognized provident fund contribution plan which covers all permanent employees. Equal contributions are made on monthly basis both by the Company and the employees at 8.33% basic pay.

#### **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 obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### **4.6 Property and equipment**

##### **Initial measurement**

Property and equipment are initially recorded at cost.

Cost of property and equipment includes expenditure that is directly attributable to the acquisition of the asset up to the date of asset is available for use. Major renewals and improvements are capitalized. Minor replacement, repairs and maintenance are charged to the statement of income and expenditure.

##### **Subsequent measurement**

Subsequently, property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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## **Depreciation**

Depreciation on assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed of. Depreciation is charged to statement of income and expenditure on straight line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 9 to the financial statements.

## **Disposal**

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in statement of income and expenditure in the year the asset is derecognized.

## **Impairment of non-financial asset**

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

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

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognized for the asset in prior years. Such reversal is recognized in the statement of income and expenditure unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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### **Judgment and estimates**

The property and equipment's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

#### **4.7 Tax refunds due from the Government**

Tax refundable as asset is recognized at the net of the amount of input sales tax and output sales tax, except, when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables are stated with the amount of sales tax included the net amount of sales tax recoverable from the taxation authority which is included as part of receivables in the statement of financial position.

#### **4.8 Financial instruments**

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

##### **Financial assets**

##### **Initial recognition and measurement**

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

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

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

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

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

### **Subsequent measurement**

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

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

### **Financial assets at amortized cost (debt instruments)**

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

The Company's financial assets at amortized cost includes trade receivables, grant receivable, contract assets, deposits, long term loans, balances at banks and other receivables.

### **Financial assets at fair value through OCI (debt instruments)**

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

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

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

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

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

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



### **Financial assets at fair value through statement of income and expenditure**

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

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

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

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

### **Derecognition**

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

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

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

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



## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through statement of income and expenditure.

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

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

### **Subsequent measurement**

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

- Financial liabilities at fair value through statement of income and expenditure.
- Financial liabilities at amortized cost.

### **Financial liabilities at fair value through statement of income and expenditure**

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

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

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

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

### **Financial liabilities at amortized cost**

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income and expenditure.

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



## **Derecognition**

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

## **Impairment**

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through income and expenditure. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

### **4.9 Offsetting of financial instruments**

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

### **4.10 Foreign currency transactions and translation**

Transactions denominated in foreign currencies are translated into Pakistani Rupees, at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the statement of income and expenditure.

### **4.11 Cash and bank balances**

Cash and bank balances are carried in the statement of financial position at amortized cost less impairment allowance if any. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances as they are considered as integral part of the Company's cash management.

### **4.12 Revenue from contracts with customer**

Revenue represents the fair value of the consideration received or receivable for goods sold or services rendered. Revenue is recognized when the Company satisfies a performance obligation by transferring promised goods or services to a customer. Revenue is recognized over time when the Company satisfies a performance obligation. Revenue can be recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.



The Company's contracts do not have credit periods in excess of market practices and accordingly, no financing components have been identified in any of the contracts of the Company.

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

**a) Service income**

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

**b) Grant income**

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

#### **4.13 Taxation**

As per section 2(36) read with section 100C of Income Tax Ordinance, 2001, the Company shall be allowed 100% tax credit of the tax payable, including minimum tax and final taxes payable under any provision of Income Tax Ordinance, 2001, subject to the following conditions:

- a) income tax return has been filed;
- b) tax required to be deducted or collected has been deducted or collected and paid; and
- c) withholding tax statements for the immediately preceeding tax year have been filed.

However, surplus funds shall be taxed at the rate of 10%. Surplus funds means funds:

- a) not spent on charitable and welfare activities during the tax year;
- b) received during the year as donation, voluntary contributions, subscriptions and other income;
- c) which are more than twenty-five percent of total receipts of the non-profit organization received during the tax year, and
- d) are not part of restricted funds.

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5 DEFERRED GRANT-INCOME BASED

Donors	Projects	At 01 July 2022		Grant received during the year	Grants utilized					As at 30 June 2023			
		Opening grants-advances received	Opening grants receivables		Grant income	Service income (Overheads)	Capitalization	Other adjustments	Total	Closing grants-advances received	Closing grants receivables		
Rupees													
Massachusetts Institute of Technology (MIT) / The London School of Economics (LSE)	Punjab Economic Opportunities Program	4,606,600	-	12,807,260	(12,868,021)	(1,734,214)	-	-	(14,602,235)	3,424,568	(612,943)		
Massachusetts Institute of Technology (MIT) / Trust in State Authority		7,203,002	(647,064)	9,775,573	(10,037,757)	(991,168)	(132,594)	-	(11,161,519)	5,169,992	-		
Massachusetts Institute of Technology (MIT) / Education Finance Project		70,501,508	(21,278,183)	181,736,849	(191,816,718)	(48,538,822)	(3,067,459)	-	(243,423,199)	25,573,271	(38,036,296)		
London School of Economics (LSE)	Preferences Project	9,947,975	-	5,461,089	(12,487,029)	(1,849,836)	-	-	(14,336,865)	1,072,199	-		
MIT/Harvard University/LSE/WB	Social Compact Project	4,104,508	-	8,229,468	(14,442,934)	(1,458,575)	-	-	(15,901,509)	1,997,804	(3,567,533)		
University of Oxford (UoO)	Social Norms Project	1,997,804	-	-	-	-	-	-	-	-	-		
London School of Economics (LSE)	Assets Transfer Project	-	(710,563)	4,330,000	(190,092)	(445,440)	-	-	(635,532)	2,983,905	-		
USB Optimus Foundation	Microbe Literacy Project	87,227	-	-	-	-	-	-	-	87,227	-		
Innovation For Poverty Action/ LSE	Mobile Money Project	-	(4,295)	-	-	(4,417,787)	(407,202)	-	(4,824,989)	2,395,095	(4,295)		
Columbia University	Barriers to Industrial Upgrading	7,220,084	-	-	(4,417,787)	(407,202)	-	-	(4,824,989)	2,395,095	(4,295)		
MIT	Political Connections	740,606	(351,923)	3,431,189	(2,938,963)	(522,775)	-	-	(3,461,738)	1,915,148	(1,557,014)		
Michigan State University	Self selection in Storage Market	82,098	-	-	-	-	-	-	-	82,098	-		
University of Chicago	Day Labor	-	(1,279,414)	7,967,010	(8,904,455)	(2,070,607)	(620,415)	-	(11,595,477)	-	(4,907,881)		
Sub Total	A	106,491,412	(24,271,442)	233,738,438	(238,103,756)	(38,018,639)	(3,820,688)	-	(319,943,063)	44,701,307	(48,685,962)		
Goeth University Frankfurt	National Outreach Program	22,787	-	-	-	-	-	-	-	22,787	-		
Harvard University/United Nations Development Program	Building Capacity to use Research Evidence	-	(2,029,261)	-	-	-	-	-	-	-	(2,029,261)		
Harvard University/MIT	Benzair Income Support Program	501,507	-	-	(20,435)	-	-	-	(20,435)	481,072	-		
New York University	Think Project	127,072	-	-	(42,509)	-	-	-	(42,509)	84,563	-		
LSE/MIT	Public Procurement Project	-	(166,300)	-	-	-	-	-	-	-	(166,300)		
Duke University/Oxford Policy Management	PCSW project	1,284,130	-	-	(286,796)	-	-	(9,230)	(296,046)	988,084	-		
Institute For Social And Economic Research	KP Polio Project	-	(37,108)	-	-	-	-	-	-	-	(37,108)		
LSE/Duke University/ Asian Development Bank / PEDL / USAID	Women Mobility Project	-	(7,713,470)	57,700,310	(37,482,804)	(10,073,678)	-	-	(47,556,482)	19,552,586	(17,121,228)		
Precision Agriculture For Development (PAID)	PAID Project	19,190,646	-	66,718,958	(53,398,201)	(8,929,533)	-	-	(62,327,734)	29,876,925	(6,295,055)		
Leibniz University Hannover	Higher Education Commission Project	4,431,699	-	-	(639,773)	-	-	-	(639,773)	9,006,450	(5,214,524)		
London School Of Economics	Saving through Digitization Project	-	(29,540)	-	-	-	-	-	-	-	(29,540)		

5 DEFERRED GRANT-INCOME BASED

Donors	Projects	At 01 July 2022				Grants utilized					As at 30 June 2023	
		Opening grants- advances received	Opening grants receivables	Grant received during the year	Grant income	Service income (Overheads)	Capitalization	Other adjustments	Total	Closing grants- advances received	Closing grants receivables	
												Rupees
Massachusetts Institute of Technology (MIT) / London School of Economics (LSE)	Gender Norms Project	1,767,083	-	3,049,341	(5,179,834)	(828,145)	(35,650)	-	(6,043,629)	-	(1,227,205)	
Habib Bank Limited	Lending In Agriculture	8,650,200	-	-	(3,052,815)	(1,079,363)	-	-	(4,132,178)	4,518,022	-	
Sub total	B	35,975,124	(9,974,679)	127,468,609	(100,103,167)	(20,910,719)	(35,650)	(9,250)	(121,058,786)	64,530,489	(32,120,221)	
Andrea Von Braun Stiftung	Environmental Project_EPA	6,708,957	-	-	-	-	-	(5,991,013)	(5,991,013)	717,944	-	
World Bank Group	Trust and Compliance	75,696	-	-	-	-	-	-	-	75,696	-	
Massachusetts Institute of Technology (MIT)	OSAP	3,888,089	-	-	(22,697)	-	-	-	(22,697)	3,865,392	-	
CEEP Foundation	EVAP	520,283	-	-	(112,275)	-	-	-	(112,275)	408,008	-	
Hitesubashi University	GNTP	-	(256,078)	-	-	-	-	-	-	-	(256,078)	
London School Of Economics, Innovations for Poverty Action(IPA)	State Engagement with Religious leaders for effective COVID19 Crisis Response	159,115	-	-	-	-	-	-	-	159,115	-	
London School Of Economics	Strengthening State Capacity and Enhancing	43,802	-	-	-	-	-	-	-	43,802	-	
Foreign, Commonwealth and Development Office-FCDO (UK)	SCALE	-	(2,179,301)	2,179,301	(41,137)	-	-	-	(41,137)	-	(41,137)	
Red Butler / SNG	Property Tax Innovation through Digital Technologies (PTTD)	577,900	(6,250,853)	5,249,055	(1,128,000)	-	-	97,424	(1,030,576)	-	(1,454,474)	
London School Of Economics	Judiciary Project	1,923,462	-	-	(568,647)	-	-	(1,666,954)	(2,235,601)	-	(312,139)	
CEEP Foundation	Multiple Micronutrient Supplements for Maternal Health in Pakistan (MMS)	800,231	-	-	-	-	-	-	-	800,231	-	
Massachusetts Institute of Technology (MIT)	Political Engagement Project	-	(1,036,490)	4,466,411	(7,182,103)	(1,686,137)	-	-	(8,868,240)	3,434,692	(8,873,011)	
University of Warwick	Building State Capacity by Promoting Collaboration	104,112	-	-	-	-	-	-	-	104,112	-	
USAID and FTD	Infant Feeding Project	-	(994,953)	84,668,909	(10,580,010)	(686,860)	(768,240)	-	(12,035,110)	71,658,846	-	
Massachusetts Institute of Technology (MIT)	Energy Project	-	(289,024)	-	(722,048)	(182,242)	-	-	(944,290)	33,872	(1,227,186)	
Massachusetts Institute of Technology (MIT)	Computer Vision	887,835	-	2,146,066	(2,824,418)	(424,545)	(251,200)	-	(3,500,163)	681,234	(1,147,496)	
London School Of Economics	Political Incorporation	2,476,523	-	2,191,272	(2,153,498)	(323,025)	-	-	(2,476,523)	2,191,272	-	
Massachusetts Institute of Technology (MIT)	Tuition Project	40,975	(889,145)	5,433,522	(6,185,077)	(949,546)	(94,240)	-	(7,228,863)	-	(2,643,511)	
Massachusetts Institute of Technology (MIT)	Gender Discomfort	-	-	677,100	(324,608)	(85,891)	-	-	(410,499)	266,601	-	

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## DEFERRED GRANT-INCOME BASED

Donors	Projects	At 01 July 2022		Grant received during the year	Grants utilized					As at 30 June 2023		
		Opening grants- advances received	Opening grants receivables		Grant income	Service income (Overheads)	Capitalization	Other adjustments	Total	Closing grants- advances received	Closing grants receivables	
Rupees												
Heidelberg University	Cash Transfer and the State	-	-	6,502,667	(4,010,665)	-	-	-	(4,010,665)	2,492,002	-	
Massachusetts Institute of Technology (MIT) / PEDL	Alleviating Inform	-	-	3,175,368	(4,941,388)	-	-	-	(4,941,388)	-	(1,766,020)	
London School Of Economics	Transforming Beliefs & Norms	-	-	1,434,667	(121,683)	-	-	-	(121,683)	1,312,984	-	
London School Of Economics	Urban West	-	-	3,697,296	-	-	-	-	-	3,697,296	-	
		-	-	5,687,641	-	-	-	-	-	5,687,641	-	
Sub total	C	18,206,980	(11,895,844)	127,509,275	(31,519,910)	(4,338,246)	(1,113,680)	(7,560,543)	(53,809,040)	97,610,740	(17,721,052)	
Total	D = A + B + C	160,673,516	(46,141,965)	488,716,322	(389,726,833)	(83,267,604)	(4,969,998)	(7,569,793)	(494,810,889)	206,842,536	(98,527,235)	

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## 6 LEASE LIABILITY

The Company had leased building for its Lahore office having lease term of 5 years. The Company's obligations under its lease has been secured by the lessor's title to the leased assets. The leases are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at inception date. The lessee's incremental borrowing rate applied to the lease liabilities is 15.63%.

	Note	2023 Rupees	2022 Rupees
As at July 01,		15,778,533	22,738,803
Accretion of interest	10.1	2,276,312	3,355,996
Payments		(10,654,875)	(9,686,250)
Adjustments		-	(630,016)
As at June 30,	6.1	<u>7,399,970</u>	<u>15,778,533</u>
Current portion shown under current liabilities		7,399,970	7,399,970
Long term portion shown under non-current liabilities		-	8,378,563
Balance as at June 30,		<u>7,399,970</u>	<u>15,778,533</u>

### 6.1 Maturity analysis of lease liabilities

	2023		
	Lease rentals	Finance cost for future years	Principal outstanding
	Rupees		
Within one year	8,258,250	858,280	7,399,970
After one year but not more than five years	-	-	-
	<u>8,258,250</u>	<u>858,280</u>	<u>7,399,970</u>

	2022		
	Lease rentals	Finance cost for future years	Principal outstanding
	Rupees		
Within one year	10,654,875	2,276,312	8,378,563
After one year but not more than five years	8,258,250	858,280	7,399,970
	<u>18,913,125</u>	<u>3,134,592</u>	<u>15,778,533</u>

## 7 TRADE AND OTHER PAYABLES

	2023 Rupees	2022 Rupees
Trade payables	16,090,092	4,243,228
Withholding tax payable	18,504,973	19,296,704
Other payables	8,152,595	15,363,904
Payable to provident fund	903	-
Accrued expenses	<u>43,443,315</u>	<u>25,103,042</u>
	<u>86,191,878</u>	<u>64,006,878</u>

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## 8 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments to report as at year end (2022: Nil).

## 9 PROPERTY AND EQUIPMENT

	Note	2023 Rupees	2022 Rupees
Project assets	9.1	7,530,135	6,524,449
Owned assets	9.2	16,428,703	13,405,982
		<u>23,958,838</u>	<u>19,930,431</u>

### 9.1 Project Assets

Particulars	Computer Equipments	Office Equipment	Furniture and Fixture	Total
	-----Rupees-----			
<b>Net carrying value basis</b>				
<b>Year ended June 30, 2023</b>				
Opening book value	5,845,713	377,024	301,712	6,524,449
Additions - at cost	4,583,418	-	361,380	4,944,798
Depreciation charged	(3,747,296)	(119,966)	(71,850)	(3,939,112)
Closing net book value	<u>6,681,835</u>	<u>257,058</u>	<u>591,242</u>	<u>7,530,135</u>
<b>Gross carrying value basis</b>				
<b>As at June 30, 2023</b>				
Cost	28,829,027	1,593,463	899,070	31,321,560
Accumulated depreciation	(22,147,191)	(1,336,406)	(307,828)	(23,791,425)
Net book value	<u>6,681,836</u>	<u>257,057</u>	<u>591,242</u>	<u>7,530,135</u>
<b>Net carrying value basis</b>				
<b>Year ended June 30, 2022</b>				
Opening book value	4,324,331	536,370	355,493	5,216,194
Additions - at cost	4,158,978	-	-	4,158,978
Depreciation charge	(2,637,596)	(159,346)	(53,781)	(2,850,723)
Closing net book value	<u>5,845,713</u>	<u>377,024</u>	<u>301,712</u>	<u>6,524,449</u>
<b>Gross carrying value basis</b>				
<b>Year ended June 30, 2022</b>				
Cost	24,245,609	1,593,465	537,810	26,376,884
Accumulated depreciation	(18,399,896)	(1,216,441)	(236,098)	(19,852,435)
Net book value	<u>5,845,713</u>	<u>377,024</u>	<u>301,712</u>	<u>6,524,449</u>
<b>Depreciation rate (%)</b>	30%	10%	10%	

## 9.2 Owned Assets

Particulars	Lease hold Improvements	Computer Equipments	Office Equipments	Furniture and Fixture	Total
	-----Rupees-----				
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2023</b>					
Opening book value	1,465,985	2,615,200	4,628,906	4,695,892	13,405,983
Additions - at cost	790,009	5,130,840	693,611	1,025,432	7,639,892
Depreciation charge	(898,069)	(2,188,411)	(714,159)	(816,533)	(4,617,172)
Closing net book value	1,357,925	5,557,629	4,608,358	4,904,791	16,428,703
<b>Gross carrying value basis</b>					
<b>As at June 30, 2023</b>					
Cost	3,637,458	13,401,194	7,856,398	9,463,498	34,358,548
Accumulated depreciation	(2,279,534)	(7,843,564)	(3,248,040)	(4,558,706)	(17,929,844)
Net book value	1,357,924	5,557,630	4,608,358	4,904,792	16,428,704
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2022</b>					
Opening book value	1,238,217	2,844,509	4,923,492	5,502,274	14,508,492
Additions - at cost	688,280.00	1,700,048	380,765	-	2,769,093
Depreciation charge	(460,512)	(1,929,358)	(675,351)	(806,382)	(3,871,603)
Closing net book value	1,465,985	2,615,199	4,628,906	4,695,892	13,405,982
<b>Gross carrying value basis</b>					
<b>Year ended June 30, 2022</b>					
Cost	2,847,449	8,270,354	7,161,486	8,438,067	26,717,356
Accumulated depreciation	(1,381,464)	(5,655,155)	(2,532,580)	(3,742,175)	(13,311,374)
Net book value	1,465,985	2,615,199	4,628,906	4,695,892	13,405,982
<b>Depreciation rate (%)</b>	20%	30%	10%	10%	72.85%



**9.3 Depreciation charge for the year has been allocated as follows:**

	Note	2023 Rupees	2022 Rupees
Direct expenses - restricted	22	3,974,021	2,850,723
Direct expenses - unrestricted	20	2,807,304	2,103,134
Administrative expenses	21	1,774,958	1,768,470
		<u>8,556,283</u>	<u>6,722,327</u>

9.4 The cost of the assets as on June 30, 2023 include fully depreciated assets amounting to Rs 21,859,785/-. (2022: Rs.16,874,659) which are still in use of the Company.

**10 RIGHT OF USE ASSETS**

Set out below the are the carrying amounts of right-of-use assets recognized and the movements during the year.

	Note	2023 Rupees	2022 Rupees
<b>Cost</b>			
As at July 01,		33,720,893	30,713,937
Adjustment / reassessment		-	3,006,956
As at June 30,		<u>33,720,893</u>	<u>33,720,893</u>
<b>Accumulated depreciation</b>			
As at July 01,		19,911,824	13,007,290
Depreciation expense	10.1.1	6,904,533	6,904,534
As at June 30,		<u>26,816,357</u>	<u>19,911,824</u>
<b>Net book value as at June 30, 2023</b>		<u>6,904,536</u>	<u>13,809,069</u>
<b>Lease term (in years)</b>		5 years	5 years

10.1 The following amounts recognized in the statement of income and expenditure:

Depreciation expense of right-of-use assets	10.1.1	6,904,533	6,904,534
Accrued Interest on lease liability	6	2,276,312	3,355,996
		<u>9,180,845</u>	<u>10,260,530</u>

10.1.1 Depreciation charge for the year has been allocated as follows:

Direct expenses	20	1,415,428	1,859,698
Administrative expenses	21	5,489,105	5,044,837
		<u>6,904,533</u>	<u>6,904,535</u>

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		2023 Rupees	2022 Rupees
<b>11</b>	<b>LONG TERM DEPOSITS</b>		
	Head office	2,250,000	2,250,000
	Others	769,000	769,000
		<u>3,019,000</u>	<u>3,019,000</u>
<b>12</b>	<b>ADVANCES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES</b>		
	Prepayments	3,408,407	1,710,635
	Other receivables	1,110,327	830,075
	Advance to employees	1,148,853	662,375
	Advance to suppliers	-	1,286,298
	Deposits	174,829	174,829
		<u>5,842,416</u>	<u>4,664,212</u>
<b>13</b>	<b>TRADE RECEIVABLES</b>		
	Trade receivables	150,386,282	71,568,368
	Less: allowance for expected credit loss	(433,670)	(696,000)
		<u>149,952,612</u>	<u>70,872,368</u>
13.1	This represents amount receivables in respect of commercialized services provided by the		
		2023 Rupees	2022 Rupees
<b>13.2</b>	<b>Movement of allowance for expected credit losses</b>		
	Balance as at July 01,	696,000	-
	(Reversal) / charge during the year	(262,330)	696,000
	Balance as at June 30,	<u>433,670</u>	<u>696,000</u>
<b>14</b>	<b>CONTRACT ASSETS</b>		
	Unbilled expenses to donor	11,445,777	13,779,902
	Less: allowance for expected credit loss	(2,620,006)	(2,311,723)
		<u>8,825,771</u>	<u>11,468,179</u>
<b>14.1</b>	<b>Movement of allowance for expected credit losses</b>		
	Balance as at 01,	2,311,723	-
	Charge for the year	308,283	2,311,723
	Balance as at 30,	<u>2,620,006</u>	<u>2,311,723</u>

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		2023 Rupees	2022 Rupees
<b>15</b>	<b>GRANT RECEIVABLES</b>		
	Billed expenses to donor	<u>87,081,458</u>	<u>33,362,063</u>
15.1	Grant receivables are non-interest bearing and are generally on terms of 30 to 90 days. The grant receivables balance increased due to increase in grant income.		
	Note	2023 Rupees	2022 Rupees
<b>16</b>	<b>TAX REFUNDS DUE FROM THE GOVERNMENT</b>		
	Income tax refundable	21,636,655	20,685,949
	Sales tax refundable	<u>25,043,577</u>	<u>18,161,645</u>
		<u>46,680,232</u>	<u>38,847,594</u>
<b>17</b>	<b>CASH AND BANK BALANCES</b>		
	With banks on:		
	- <b>Current accounts</b>		
	Foreign currency - USD	-	14,029,089
	Foreign currency - GBP	7,750	1,868,043
	Local currency - Pak Rupees	64,432,817	781,084
	- <b>Saving accounts</b>		
	Foreign currency - USD	86,749,142	79,981,947
	Foreign currency - GBP	29,237,129	2,048,028
	Local currency - Pak Rupees	<u>25,254,023</u>	<u>88,241,210</u>
	17.1	<u>205,680,861</u>	<u>186,949,401</u>
17.1	The savings accounts earns interest at floating rates based on daily bank deposit rates ranging from 15% to 18% (2022:6% to 8%) per annum.		
	Note	2023 Rupees	2022 Rupees
<b>18</b>	<b>SERVICE INCOME</b>		
	Analytics	116,248,658	29,989,583
	Executive education	34,485,445	36,438,926
	CERP lab project	34,565,260	6,180,868
	Policy advisory	28,546,655	4,709,758
	Survey unit	85,339,432	31,668,980
	Growth monitory project	<u>12,128,757</u>	-
	18.1	<u>311,314,207</u>	<u>108,988,115</u>

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### 18.1 Satisfaction of performance obligation

The performance obligation is satisfied as and when services under contract are delivered to customer.

	Note	2023 Rupees	2022 Rupees
18.2 Geographical markets			
Pakistan		<u>311,314,207</u>	<u>108,988,115</u>
18.3 Timing of revenue recognition			
Performance obligation satisfied over time		<u>311,314,207</u>	<u>108,988,115</u>
18.4 Contract balances			
Trade receivables	13	149,952,612	70,872,368
Contract assets	14	<u>8,825,771</u>	<u>11,468,179</u>
		<u>158,778,383</u>	<u>82,340,547</u>

18.4.1 Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The trade receivables balance increased due to increase in sales.

18.4.2 Contract liabilities represent consideration received to deliver services. Contract liabilities as at the beginning of the year, aggregating to Rs. Nil (2021: Rs.713,878), have been recognized as revenue upon the provision of services.

### 19 OTHER INCOME

OTHER INCOME	2023			2022
	Restricted	Unrestricted	Aggregate	Aggregate
	----- Rupees -----			
Income From Financial Assets:				
Profit on bank deposits	-	5,941,345	5,941,345	6,554,825
Profit on short term investment	-	2,483,161	2,483,161	4,101,487
Income From Non Financial Assets:				
Miscellaneous income	-	54,711	54,711	1,257,396
	-	8,479,217	8,479,217	11,913,708

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	Note	2023 Rupees	2022 Rupees
<b>20 DIRECT EXPENSES - UNRESTRICTED</b>			
Salaries, wages and other benefits	20.1	139,412,906	47,535,321
Advertisement and promotion		1,195,043	401,301
Consultancy charges		27,293,122	491,757
Surveys		30,697,442	10,214,446
Security expenses		270,250	333,568
Fees and subscription		9,380,075	4,664,404
Depreciation of right-of-use assets	10.1	1,415,428	1,859,698
Legal and professional charges		-	1,164,312
Rent rates and taxes		522,600	346,081
Depreciation of property and equipment	9.3	2,807,304	2,103,134
Utilities		893,383	850,852
Event expenses		2,640,036	760,312
IT accessories		141,851	86,172
Training charges		1,758,214	782,260
Communication charges		1,313,598	861,241
Insurance		772,332	858,817
Office supplies		867,256	501,398
Travelling and conveyance		19,628,267	5,110,004
Meal and entertainment		2,211,245	796,317
Printing and stationery		2,396,782	804,601
Bank charges		378,501	103,578
Fuel expense		-	148,643
Repair and maintenance		649,273	186,747
Miscellaneous expenses		-	1,335,779
Web hosting		22,225	-
		<u>246,667,133</u>	<u>82,300,743</u>

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20.1 This includes amount of Rs.7,937,897 (2022: Rs.2,392,760) in respect of contribution towards provident fund.

	Note	2023 Rupees	2022 Rupees
<b>21 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	21.2	86,480,749	49,909,766
Advertisement and promotion		1,289,273	830,016
Consultancy charges		474,116	-
Surveys		198,100	622,492
Security expenses		683,175	-
Depreciation of right of use assets	10	5,489,105	5,044,837
Legal and professional charges		3,733,531	2,747,775
Rent rates and taxes		11,877	-
Depreciation of property and equipment	9.3	1,774,958	1,768,470
IT accessories		239,681	65,419
Insurance		876,254	1,021,052
Expected credit loss		741,953	-
Fees and subscription		2,488,826	2,656,359
Office supplies		2,183,541	827,475
Auditors remuneration	21.1	825,825	715,000
Utilities		2,859,658	1,714,492
Event expenses		2,506,044	-
Bank charges		831,593	241,773
Communication charges		838,559	457,272
Printing and stationery		495,281	324,670
Training charges		28,974	514,585
Meal and entertainment		647,550	607,970
Repair and maintenance		1,110,030	349,392
Travelling and conveyance		1,649,120	2,038,494
Fuel expense		1,123,343	-
Web hosting		790,891	-
Bad debts		10,000	-
Miscellaneous expenses		-	525,605
Donations-not to related party		500,000	-
		<u>120,882,007</u>	<u>72,982,914</u>
<b>21.1 Auditors' remuneration</b>			
Audit fee		754,325	650,000
Out of pocket expenses		71,500	65,000
		<u>825,825</u>	<u>715,000</u>

21.2 This includes amount of Rs. 5,477,978 (2022: Rs. 2,894,042) in respect of contribution towards provident fund.



22 PROJECT & SEGMENT WISE  
INCOME AND EXPENDITURE

BSP	BSC (Building State Capacity)	Computer Vision	Day Labor	EEP	Energy Project	EPA	ERL	EVAP	FCNP	GMTP	HECP	ERL	Infant Feeding	Judiciary Project
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INCOME

Grants	20,435	-	3,248,963	10,975,062	240,355,540	904,290	-	112,275	6,007,979	-	639,773	-	11,266,870	568,647
Service income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gain	-	-	-	1,830,415	3,578,692	-	-	-	-	-	-	-	-	-
Other income	-	-	87,350	139,292	1,460,310	-	-	-	8,929	-	-	-	92,656	48,600
Amortization of capital grant	20,435	-	3,336,313	12,944,769	245,394,542	904,290	-	112,275	6,016,908	-	639,773	-	11,359,526	617,247

EXPENDITURE

Salaries, wages and other benefits	-	-	1,734,169	1,829,701	27,577,297	673,750	-	-	1,495,917	-	-	-	5,104,858	55,000
Overheads	-	-	424,545	2,070,607	48,538,822	182,242	-	-	828,145	-	-	-	686,860	-
Advertisement and promotion	-	-	-	-	23,700	-	-	-	-	-	-	-	-	-
Security expenses	-	-	-	8,343,606	146,426,157	-	-	-	835,838	-	476,973	-	4,896,900	485,633
Consultancy charges	-	-	703,734	-	152,657	-	-	-	-	-	-	-	-	-
Communication charges	-	-	-	20,135	8,629,344	-	-	-	18,346	-	-	-	14,000	-
Fees and subscription	20,435	-	22,471	179,318	1,060,899	-	-	434	616,724	-	136,367	-	417,129	20,435
Depreciation of right of use assets	-	-	-	-	2,409,519	39,933	-	111,841	-	-	-	-	-	-
Depreciation of property and equipment	-	-	87,350	139,292	1,460,310	-	-	-	8,929	-	-	-	92,656	48,600
Event Expenses	-	-	-	-	624,846	-	-	-	-	-	-	-	-	-
IT accessories	-	-	-	17,200	19,900	-	-	-	-	-	-	-	-	-
Legal and professional charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travelling and conveyance	-	-	317,618	135,692	4,044,788	-	-	-	2,142,138	-	21,124	-	106,883	-
Printing and stationery	-	-	-	2,105	1,711,898	-	-	-	14,210	-	-	-	166	-
Expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	4,872	40,504	673,583	5,243	-	-	7,314	-	-	-	12,848	7,579
Training charges	-	-	-	6,000	16,971	-	-	-	-	-	-	-	3,000	-
Office supplies	-	-	-	1,001	155,246	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	1,000	-	-	-	-	-	-	-	-	-
Rent rates and taxes	-	-	-	-	136,100	-	-	-	-	-	-	-	-	-
Exchange (gain) / loss	-	-	38,720	-	-	3,122	-	-	25,781	-	-	-	-	-
Auditors remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meal and entertainment	-	-	-	153,970	1,240,943	-	-	-	9,304	-	-	-	18,530	-
Repair and maintenance	-	-	-	-	350,077	-	-	-	9,372	-	-	-	-	-
Bank charges	-	-	2,834	5,638	140,485	-	-	-	4,890	-	5,309	-	5,696	-
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Web hosting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Data entry charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Deficit) / Surplus for the year	20,435	-	3,336,313	12,944,769	245,394,542	904,290	-	112,275	6,016,908	-	639,773	-	11,359,526	617,247

20/06/2023

**PROJECT & SEGMENT WISE  
INCOME AND EXPENDITURE**

	LLA	LSP (Asset Transfer)	MLP	NOP	OSAP	PAD	PC-RPK (Political Connection)	PCSW- NR	PEOP	PEP	PPP	Preference	PTTD	PTP	(State Authority Project) SAP	ties ect
<b>INCOME</b>																
Grants	4,132,178	635,532	-	-	22,697	62,327,734	3,461,738	286,796	14,602,235	8,868,240	-	14,336,865	1,128,000	15,901,509	11,028,925	-
Service income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,658
Exchange gain	-	124,400	-	-	-	-	-	-	-	-	-	-	-	-	-	1,960
Other income	78,823	14,061	63,490	-	62,984	1,042,814	-	17,358	-	-	-	-	-	78,103	84,871	-
Amortization of capital grant	4,211,001	773,993	63,490	-	85,681	63,370,548	3,461,738	304,154	14,602,235	8,868,240	-	14,336,865	1,128,000	15,979,612	11,113,796	0,618
	-	-	-	-	-	8,994	-	-	-	-	-	-	-	-	-	-
<b>EXPENDITURE</b>																
Salaries, wages and other benefits	2,480,730	226,569	-	-	-	27,793,080	988,153	130,000	2,923,482	2,764,932	-	2,409,522	1,128,000	1,258,798	1,409,342	3,779
Overheads	1,079,363	445,440	-	-	-	8,929,533	522,775	-	1,734,214	1,686,137	-	1,899,836	-	1,458,575	991,168	8,453
Advertisement and promotion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,821
Surveys	121,250	-	-	-	-	16,056,741	174,000	-	9,491,986	2,052,937	-	9,445,585	-	9,009,686	5,930,969	15,281
Security expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,802
Consultancy charges	7,640	7,127	-	-	-	7,652,503	-	1,847	-	23,659	-	-	-	1,049,776	952,469	8,932
Communication charges	179,003	79,146	-	-	22,697	151,535	53,310	154,949	303,347	149,020	-	55,419	-	82,945	18,956	9,546
Fees and subscription	-	-	-	-	-	631,285	-	-	-	-	-	-	-	1,021,019	982,889	13,317
Depreciation of right of use assets	78,823	14,061	63,490	-	62,984	1,042,814	-	17,358	-	-	-	-	-	78,103	84,871	17,863
Depreciation of property and equipment	-	-	-	-	-	61,466	-	-	-	-	-	-	-	-	-	19,895
Event Expenses	-	-	-	-	-	3,900	-	-	-	-	-	17,300	-	-	-	16,372
IT accessories	2,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,569
Legal and professional charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,208
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,063
Traveling and conveyance	70,832	-	-	-	-	697,135	1,688,968	-	11,796	1,547,303	-	519,871	-	12,200	304,693	14,633
Printing and stationery	177,990	-	-	-	-	3,596	-	-	453,104	-	-	1,390	-	211,880	3,005	11,885
Expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,255
Insurance	9,662	1,650	-	-	-	101,657	2,796	-	4,519	12,294	-	6,780	-	103,713	62,893	16,645
Training charges	-	-	-	-	-	53,000	-	-	-	20,000	-	-	-	-	200,000	16,818
Office supplies	-	-	-	-	-	588	-	-	-	350	-	-	-	523,397	22,920	15,616
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	319,210	22,920	16,392
Rent rates and taxes	-	-	-	-	-	8,994	19,594	-	123,692	61,996	-	-	-	536,589	86,407	19,715
Exchange (gain)/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Auditors remuneration	2,400	-	-	-	-	162,746	9,308	-	3,500	93,675	-	25,426	-	63,432	9,387	14,244
Meal and entertainment	-	-	-	-	-	19,975	2,834	-	5,699	2,833	-	5,736	-	7,126	20,108	16,392
Repair and maintenance	1,108	-	-	-	-	-	-	-	-	-	-	-	-	-	11,464	16,392
Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,392
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,392
Fuel expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,589
Web hosting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,589
Data entry charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,589
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,589
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,589
(Deficit) / Surplus for the year	4,211,001	773,993	63,490	-	85,681	63,370,548	3,461,738	304,154	14,602,235	8,868,240	-	14,336,865	1,128,000	15,979,612	11,113,796	73,880
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,738

**PROJECT & SEGMENT WISE  
INCOME AND EXPENDITURE**

	Scale(FCDO)	Soccer Ball	Social Norms	SSC	THINK	Tuition Project	WMP	Alleviating Mobility and Inform	Building State Capacity By Prom	Cash Transfer and the State	Political Incorporation	Gender Discomfort	Restricted	Analytics Project
<b>INCOME</b>														
Grants	41,137	4,824,989	-	-	42,509	7,134,623	47,556,482	4,941,388	121,683	4,010,665	2,476,523	410,499	482,392,781	-
Service income	-	-	-	-	-	-	-	-	-	-	-	-	-	116,248,658
Exchange gain	-	-	-	-	-	173,759	-	-	-	29,829	-	-	5,737,095	5,571,960
Other income	-	-	-	-	-	-	9,802	-	-	-	-	-	9,802	-
Amortization of capital grant	267,210	-	-	-	-	9,423	417,747	-	-	-	-	-	3,974,021	-
	308,347	4,824,989	-	-	42,509	7,317,805	47,984,031	4,941,388	121,683	4,040,494	2,476,523	410,499	492,113,699	121,820,618
	-	-	-	-	-	(1)	-	-	-	-	-	-	-	-
<b>EXPENDITURE</b>														
Salaries, wages and other benefits	-	3,679,905	-	-	-	1,043,429	14,337,600	-	-	3,435,691	-	-	104,479,925	48,033,779
Overheads	-	407,202	-	-	-	949,546	10,073,678	-	-	-	323,025	85,891	83,267,604	-
Advertisement and promotion	-	-	-	-	-	-	3,520	-	-	-	-	-	27,220	228,453
Surveys	-	360,000	-	-	-	2,376,007	16,113,124	2,479,320	-	252,160	2,153,498	306,000	237,788,370	4,668,821
Security expenses	-	-	-	-	-	-	119,168	-	-	-	-	-	390,993	75,281
Consultancy charges	-	-	-	-	-	-	764,484	-	-	-	-	-	19,752,310	20,298,802
Communication charges	-	-	-	-	-	38,375	1,490,093	-	-	1,875	-	8	2,937,874	148,932
Fees and subscription	41,137	142,194	-	-	42,509	415,536	2,255,664	-	55,697	134,378	-	-	10,693,371	1,679,546
Depreciation of right of use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	483,317
Depreciation of property and equipment	267,210	-	-	-	-	9,423	417,747	-	-	-	-	-	3,974,021	757,863
Event Expenses	-	-	-	-	-	-	-	-	-	3,160	-	-	689,472	629,895
IT accessories	-	-	-	-	-	-	87,882	-	-	-	-	-	148,382	26,372
Legal and professional charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	137,569
Travelling and conveyance	-	150,464	-	-	-	2,134,448	457,084	927,432	65,436	124,709	-	-	15,480,614	5,248,208
Printing and stationery	-	8,030	-	-	-	42,352	13,400	-	-	28,253	-	-	2,671,379	703,063
Expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	13,784	-	-	-	15,687	206,098	-	550	4,957	-	-	1,298,983	234,633
Training charges	-	50,000	-	-	-	40,544	3,000	764,484	-	16,175	-	-	1,173,174	290,442
Office supplies	-	-	-	-	-	-	453,081	-	-	-	-	-	1,155,918	231,885
Utilities	-	-	-	-	-	5,500	342,130	-	-	-	-	-	690,760	246,645
Rent rates and taxes	-	-	-	-	-	6,000	632,767	-	-	-	-	-	1,311,456	226,818
Exchange (gain) / loss	-	-	-	-	-	(1)	614,845	-	-	-	-	18,600	1,125,745	-
Auditors remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	115,616
Meal and entertainment	-	13,410	-	-	-	204,542	6,597	-	-	37,794	-	-	1,978,724	594,244
Repair and maintenance	-	-	-	-	-	29,518	307,171	-	-	-	-	-	792,486	146,392
Bank charges	-	-	-	-	-	6,899	49,382	5,668	-	1,342	-	-	284,918	59,715
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Web hosting	-	-	-	-	-	-	-	-	-	-	-	-	-	7,589
Data entry charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	308,347	4,824,989	-	-	42,509	7,317,805	47,984,031	4,941,388	121,683	4,040,494	2,476,523	410,499	492,113,699	85,273,880
(Deficit) / Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	36,546,738



**PROJECT & SEGMENT WISE  
INCOME AND EXPENDITURE**

Exec Edu	Cerp Lab Project	Policy Advisory	Survey Wing	Clear	Aggregate	CERP-CORE	Unrestricted	TOTAL
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**INCOME**

Grants	-	-	-	-	-	83,267,604	83,267,604	565,660,385
Service income	34,485,445	34,565,260	28,546,655	85,339,432	12,128,757	311,314,207	323,136,311	323,136,311
Exchange gain	1,324,665	1,535,561	182,352	-	-	8,614,538	49,535,959	55,273,054
Other income	-	-	-	3,881	-	3,881	8,469,414	8,479,216
Amortization of capital grant	-	-	-	-	-	-	-	3,974,021
	35,810,110	36,100,821	28,729,007	85,343,313	12,128,757	319,932,626	464,409,288	956,522,987
	-	-	-	86,182	-	86,182	-	-

**EXPENDITURE**

Salaries, wages and other benefits	13,968,957	19,147,767	18,006,122	33,485,999	6,770,282	139,412,906	86,480,749	225,893,655	330,373,580
Overheads	-	-	-	-	-	-	-	-	83,267,604
Advertisement and promotion	607,591	130,545	97,909	130,545	-	1,195,043	1,289,273	2,484,316	2,511,536
Surveys	1,816,148	14,960	2,028,094	22,169,419	-	30,697,442	198,100	30,895,542	268,683,912
Security expenses	26,886	43,018	32,263	92,802	-	270,250	683,175	953,425	1,344,418
Consultancy charges	156,541	409,299	6,348,415	80,065	-	27,293,122	474,116	27,767,238	47,519,548
Communication charges	205,838	47,317	96,621	814,890	-	1,313,598	838,559	2,152,157	5,090,031
Fees and subscription	768,785	2,434,255	639,311	3,809,304	48,874	9,380,075	2,488,826	11,868,901	22,562,272
Depreciation of right of use assets	172,613	276,181	207,136	276,181	-	1,415,428	5,489,105	6,904,533	6,904,533
Depreciation of property and equipment	430,288	491,669	449,876	586,914	90,694	2,807,304	1,774,958	4,582,262	8,556,283
Event Expenses	994,888	231,843	498,402	285,008	-	2,640,036	2,506,044	5,146,080	5,835,552
IT accessories	5,323	12,411	9,388	88,357	-	141,851	239,681	381,532	529,914
Legal and professional charges	-	-	-	-	-	-	3,733,531	3,733,531	3,733,531
Finance costs	49,132	78,611	58,958	78,611	-	402,881	1,873,431	2,276,312	2,276,312
Travelling and conveyance	2,935,786	400,421	1,673,040	6,376,182	2,994,630	19,628,267	1,649,120	21,277,387	36,758,001
Printing and stationery	901,767	33,145	458,117	299,900	790	2,396,782	495,281	2,892,063	5,563,442
Expected credit loss	-	-	-	-	-	-	741,953	741,953	741,953
Insurance	83,534	93,928	105,116	249,181	5,940	772,332	876,254	1,648,586	2,947,569
Training charges	1,112,359	78,156	71,796	205,461	-	1,758,214	28,974	1,787,188	2,960,362
Office supplies	86,722	122,703	87,152	338,794	-	867,256	2,183,541	3,050,797	4,206,715
Utilities	88,088	140,940	105,705	312,005	-	893,383	2,859,658	3,753,041	4,443,801
Rent rates and taxes	1,007	1,610	1,208	291,957	-	522,600	11,877	534,477	1,845,933
Exchange (gain) / loss	-	-	-	86,182	-	86,182	-	86,182	1,211,927
Auditors remuneration	41,291	66,066	49,550	66,066	-	338,589	487,237	825,826	825,826
Meal and entertainment	372,170	80,158	128,195	554,520	481,958	2,211,245	647,550	2,858,795	4,837,519
Repair and maintenance	44,617	71,386	123,612	263,266	-	649,273	1,110,030	1,759,302	2,551,788
Bank charges	70,104	73,679	24,609	150,394	-	378,501	831,593	1,210,094	1,495,012
Donations	-	-	-	-	-	-	500,000	500,000	500,000
Fuel expenses	-	-	-	-	-	-	1,123,343	1,123,343	1,123,343
Web hosting	2,710	4,337	3,252	4,337	-	22,225	790,891	813,116	813,116
Data entry charges	-	-	-	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-	10,000	10,000	10,000
Miscellaneous expenses	-	-	-	-	-	-	-	-	-
	24,943,145	24,484,405	31,303,847	71,096,340	10,393,168	247,494,785	122,416,850	369,911,634	862,025,333
(Deficit) / Surplus for the year	10,866,965	11,616,416	(2,574,840)	14,246,973	1,735,589	72,437,841	22,059,812	94,497,654	94,497,654

## 23 FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities, other than lease liabilities, comprise of short term loan, interest accrued on short term loan and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include long term security deposits, trade receivables, advances, deposits, prepayments and other receivables that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. Risk management is carried out by the finance department led by the Director. The Director provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies. The Director reviews and agrees policies for managing each of these risks, which are summarized below.

### 23.1 Market risk

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

#### a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

#### 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:

	-----2023-----		
	Rupees	US\$	GBP
Cash and cash equivalents	89,686,840	382,576	107,089
Creditors and other payables	86,191,878	39,584	-
<b>Statement of financial position exposure</b>	<b>175,878,718</b>	<b>422,160</b>	<b>107,089</b>
	-----2022-----		
	Rupees	US\$	GBP
Cash and cash equivalents	89,022,294	460,274	15,672
Creditors and other payables	56,042,104	39,584	-
<b>Statement of financial position exposure</b>	<b>145,064,398</b>	<b>499,858</b>	<b>15,672</b>

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The following significant exchange rates have been applied:

	Average rate		Reporting date mid spot rate	
	2023	2022	2023	2022
	----- Rupees -----			
Rupee to US \$	278.72	184.5	226.75	204.25
Rupee to GBP	347.17	227.6	273.09	249.87

### Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the USD at June 30, 2023 would have increased gain / 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, 2022.

	2023 Rupees	2022 Rupees
<b>Effect on exchange gain for the year:</b>		
<b>US \$ to Rupee</b>		
Increase / decrease for the year	<u>9,572,478</u>	<u>10,209,600</u>
<b>GBP to Rupee</b>		
Increase / decrease for the year	<u>2,924,494</u>	<u>391,596</u>
The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.		

## 23.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

### 23.2.1 Exposure to credit risk

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

	2023 Rupees	2022 Rupees
Deposits	3,193,829	3,193,829
Long term loans	225,001	769,611
Other receivables	1,110,327	830,075
Trade receivables	150,386,282	71,568,368
Contract assets	11,445,777	13,779,902
Grant receivables	87,081,458	32,362,063
Balances with banks	<u>205,680,861</u>	<u>186,949,401</u>
	<u>459,123,535</u>	<u>309,453,249</u>



a) Trade receivables

The maximum exposure to credit risk for trade receivables at the reporting date along with aging is as follows:

2023			2022		
Expected credit loss rate	Estimated total gross carrying amount at default	Expected Credit loss	Expected credit loss rate	Estimated total gross carrying amount at default	Expected Credit loss
-----Rupees-----			-----Rupees-----		
0 to 30 days	0.002%	-	0.00%	69,265,711	1,385
31 to 60 days	0.00%	-	0.00%	117,910	-
61 to 90 days	0.00%	-	0.00%	1,488,747	-
Above 90 days	100.00%	433,670	0.00%	696,000	696,000
Total		<u>433,670</u>		<u>71,568,368</u>	<u>697,385</u>

b) Contract assets

The maximum exposure to credit risk for contract assets at the reporting date along with ageing is as

2023			2022		
Expected credit loss rate	Estimated total gross carrying amount at default	Expected Credit loss	Expected credit loss rate	Estimated total gross carrying amount at default	Expected Credit loss
-----Rupees-----			-----Rupees-----		
0 to 30 days	0.002%	11,445,777	0.00%	7,116,476	142
31 to 60 days	0.00%	-	0.00%	-	-
61 to 90 days	0.00%	-	0.00%	-	-
Above 90 days	100.00%	2,311,111	0.00%	2,311,111	2,311,111
Total		<u>13,756,888</u>		<u>9,427,587</u>	<u>2,311,253</u>

c) Grant receivables

	2022 Rupees	2021 Rupees
0 to 30 days	87,081,458	32,362,063
31 to 60 days	-	-
61 to 90 days	-	-
Above 90 days	-	-
Total	<u>87,081,458</u>	<u>32,362,063</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation 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. Generally, trade receivables, contract assets and grant receivables are written-off if past due for more than two years and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Company does not hold collateral as security.

#### d) Balances with 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	Short term	Long term	Agency	2023 Rupees	2022 Rupees
Meezan Bank Limited	A-1+	AAA	VIS	187,236,429	167,267,862
Bank Alfalah Limited	A1+	AA+	PACRA	211,689	206,689
Standard Chartered Bank	A1+	AAA	PACRA	16,784,939	19,174,677
Silk Bank Limited	A-2	B	VIS	12,609	9,594
Telenor Microfinance Bank	A1	A	PACRA	1,435,195	290,579
				<u>205,680,861</u>	<u>186,949,401</u>

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

Advances, deposits and other receivables mainly comprise of deposits, loans and other receivables. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

### 23.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

### 23.3.1 Exposure to liquidity risk reporting

The table below analyses the Company financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, the liabilities have been disclosed on the basis of earliest date on which the Company is required to pay these liabilities.

2023				
	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year but less than 5 years
	----- Rupees -----			
Trade and other payables	86,191,878	86,191,878	86,191,878	-
Lease liability	7,399,970	8,258,250	8,258,250	-
	<u>93,591,848</u>	<u>94,450,128</u>	<u>94,450,128</u>	<u>-</u>
2022				
	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year but less than 5 years
	----- Rupees -----			
Trade and other payables	64,006,878	64,006,878	64,006,878	-
Lease liability	15,778,533	18,913,125	10,654,875	8,258,250
	<u>79,785,411</u>	<u>82,920,003</u>	<u>74,661,753</u>	<u>8,258,250</u>

## 24 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements approximate their fair value.

### 24.1 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.



As at June 30,2023, the Company did not hold any financial instruments carried at fair value.

Financial instruments by categories	2023	2022
	----- Rupees -----	
<b>Financial assets at amortized cost</b>		
Deposits	3,193,829	3,193,829
Long term loans	225,001	769,611
Other receivables	1,110,327	830,075
Trade receivables	150,386,282	71,568,368
Contract assets	11,445,777	13,779,902
Grant receivables	87,081,458	32,362,063
Balances with banks	205,680,861	186,949,401
	<u>459,123,535</u>	<u>309,453,249</u>
<b>Financial liabilities measured at amortized cost</b>		
Trade and other payables	86,191,878	64,006,878
Lease liability	7,399,970	15,778,533
	<u>93,591,848</u>	<u>79,785,411</u>

## 25 CAPITAL/FUND RISK MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Chief Executive monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing capital

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and loans as shown in the statement of financial position less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

## 26 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:

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	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees			
Remuneration	25,050,517	213,660,658	12,074,885	91,800,553
Medical allowance	1,063,095	2,981,976	934,560	6,653,339
Income tax	7,522,682	25,664,916	3,262,884	8,653,365
Reimbursement of expenses	-	-	130,424	673,625
	<u>33,636,294</u>	<u>242,307,550</u>	<u>16,402,753</u>	<u>107,780,882</u>
Number of persons	<u>1</u>	<u>75</u>	<u>1</u>	<u>41</u>

26.1 No remuneration is being paid to the board of directors of the company (2022: Nil).

## 27 RELATED PARTY TRANSACTIONS

### 27.1 Particulars of related parties

The related parties comprises of parent company, associated companies, companies in which Directors have interest, staff retirement funds, Directors and key management personnel. A list of projects in which Directors and Chief Executive are acting as principal investigator are given below:

Dr. Ali Cheema	Principal Investigator	The Punjab Economic Opportunities Program
Dr. Asim Aijaz Khawaja	Principal Investigator	Trust In State Authority
Dr. Ali Cheema	Principal Investigator	Trust In State Authority
Dr. Tahir Raza Shah Andrabi	Principal Investigator	Education Finance Project
Dr. Asim Aijaz Khawaja	Principal Investigator	Education Finance Project
Dr. Asim Aijaz Khawaja	Principal Investigator	Social Compact Project
Dr. Atif Rehman Mian	Principal Investigator	Lending In Agriculture
Mr. Maroof Ali Syed (CEO)	Principal Investigator	SCALE
Dr. Asim Aijaz Khawaja	Principal Investigator	SCALE

Principal Investigator are CERP fellow who commence, conducts or governs and conclude the research projects. Member of the Board act as principal investigator on voluntary basis, free of any charges for their services. Donors provides funds to CERP for projects on behalf of Principal Investigators.

## 27.2 Transactions with related parties

Name of	Nature of transactions	Relationship	2023	2022
CERP Foundation	Receivable against the services	Common Board Members	8,279,210	3,544,500
Dr. Tahir Raza Shah Andrabi	Travelling and Accommodation	Member of Board of Directors	187,204	183,910
Dr. Asim Aijaz Khawaja	Travelling and Accommodation	Member of Board of Directors	-	-
Dr. Adnan Qadir Khan	Travelling and Accommodation	Member of Board of Directors	-	-

## 28 NUMBER OF EMPLOYEES

The average and total number of employees during the period ended June 30,2023 and June 30,2022 are as follows:


	2023	2022
Average number of employees	99	136
Total number of employees	105	92

## 29 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purpose of better and fair presentation wherever necessary, however, no significant rearrangement/ reclassifications have been made except as disclosed below:

## 30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 19 OCT 2023 by the Board of Directors of the Company.

  
CHIEF EXECUTIVE

  
DIRECTOR





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