CERP | Centre for Economic Research in Pakistan

2020-2021

Annual Report

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

Contact:
+92 (0) 42 3577 7844
contact@cerp.org.pk
www.cerp.org.pk

Address:
29-P, Gulberg II, Lahore,
Pakistan

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Director's Note

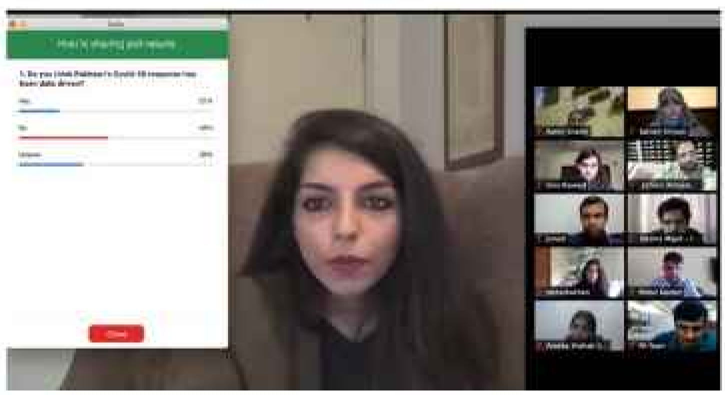
The previous year was dominated by a collective drive to adapt to the new reality of a global pandemic. We worked in collaboration with multiple stakeholders including global academic institutions, government officials, private sector entities, and non-profit / social sector to launch several Covid-19 response projects.

This year we have seen these initiatives develop and bring forth key research and create significant impact. As part of our Covid Response, CERP Labs launched the multi-month Economic Vulnerability Assessment (EVA) designed to better understand the impact of lockdowns and the pandemic, which has completed three rounds in June 2020, November 2020, and most recently in January 2021. The EVA captured the income shock faced by the most vulnerable communities across Pakistan, evaluating the impact of unemployment and pay cuts, and rising food insecurity to inform policy responses like cash transfers and relief programmes.

Another important Covid Response initiative, the Imam Outreach was carried out, through which a randomised sample of imams of mosques in Punjab were contacted to encourage them to pause congregational Friday prayers, to control the spread of Covid-19. It recently generated encouraging new RCT findings suggesting that simple interactive telephone calls substantially increase the probability that community religious leaders in Pakistan advise masks and other COVID measures.

Analytics at CERP further expanded its scope of work. CERP and RED Buffer won the Sub-National Governance (SNG) Programme's Innovation Challenge Fund on Public Financial Management and Fiscal Space, and have been working to introduce innovative technology solutions to facilitate taxpayers and improve process efficiency. CERP also inked a MoU with The Urban Unit, to facilitate them in evidence-based decision making by generating superior insights through data analytics.

The Survey Unit has seamlessly adapted to phone-based surveys following the limitations placed on in-person fieldwork with the pandemic. Recently it led major research in collaboration with the Center for Global Development on how COVID-19 and the associated lockdowns have affected the education, livelihoods, and health of children enrolled at The Citizens Foundation.



Last year, CERP Executive Education successfully completed its first virtual Evidence-Based Program Design Workshop 2020 with more than 25 professionals from diverse industry backgrounds. Following an MOU signing the BCURE training has been conducted in collaboration with the National School of Public Policy (NSPP) and Evidence for Policy Design (EPoD), Harvard University, for 130 participants from the National Institute of Management of Lahore, Karachi, and Peshawar and for 214 participants from the Civil Services Academy in Pakistan.

This year Executive Education at CERP completed the three-part course series, Monitoring and Evaluation Boot Camp, with more than one hundred participants. This open enrolment course featured modules on monitoring and evaluation, research methodologies, and project management. The course delivery methodology has continued to adapt, going from a complete switch to online learning, to now integrating a hybrid methodology as the situation evolves. With an in-person training on the Foundations of Monitoring and Evaluation organised for the CARE Foundation most recently.

In addition, through Executive Education an MoU was also signed between CERP and the Planning & Development Department, Government of Sindh (P&D Sindh) for collaboration between the two institutions for the joint aim of developing an ecosystem and culture of evidence-based policy making in the province of Sindh.

CERP is led by some of the most revered academics who are currently part of important and impactful research in the field. This year the prestigious Guggenheim Fellowship in Economics has been awarded to Dr. Atif Mian, Co-founder and Board Member CERP, and currently John H. Laporte, Jr. Class of 1967 Professor of Economics, Public Policy, and Finance, at Princeton University. The fellowship is awarded to a select few individuals who have already demonstrated exceptional capacity for productive scholarship or exceptional creative ability. Moreover, Dr. Tahir Andrabi, Co-founder and Board Member CERP, and Dr. Abhijit Banerjee, Research Fellow at CERP, were selected as panel members on the New Global Education Evidence Advisory Panel (GEEAP) for their expertise in generating and using good evidence in education. This panel is co-hosted by the Foreign, Commonwealth & Development Office, and the World Bank, and convened by the Building Evidence in Education (BE2) global working group, and fills a dire need in the education sector.

We also collaborated to organise The National Science Bowl Pakistan 2021, a science knowledge competition modelled on the successful quiz bowl format of the US National Science Bowl. Leading this collaboration were Athar Osama, CEO, Pakistan Innovation Foundation and Dr. Asim I. Khwaja, Founding Board Member CERP.

Over the course of the year CERP hosted and participated in several important online events. As part of the gLocal Evaluation Week 2021 under the Global Evaluation Initiative on 'Sharing Local and Global M&E Knowledge', CERP hosted a webinar on 'COVID-19 Pandemic's Economic Burden in Pakistan' in collaboration with CLEAR South Asia. Other than that, in collaboration with Sub-National Governance (SNG) Pakistan CERP also hosted a webinar on 'Property Taxation and Innovative Approaches'.

Maroof A. Syed
President and CEO

About CERP

CERP was established in 2010 with the aim of filling the gap in evidence-based decision making in Pakistan. Our founding members have a history of conducting rigorous and internationally recognised empirical research in Pakistan. They decided to come together to form an organisation that focused on generating this knowledge, disseminating it to inform policy, and partnering from the outset with policy actors to ensure theoretically and empirically informed policy design.

Our Mission

We aim to improve decision-making in Pakistan through evidence-based research, survey, executive education, analytics, and advisory services.

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

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

IMPLEMENTING PARTNERS

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

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

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

Dr. Adnan Qadir Khan
Professor in Practice, School of Public Policy,
London School of Economics
Associate at Centre for International Development,
Harvard Kennedy School
PhD Economics, Queens University.

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

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

Dr. Tahir Raza Shah Andrabi
Professor of Economics, Pomona College,
PhD Economics, Massachusetts Institute of
Technology

Finance and Audit Committee

Dr. Ali Cheema
Chair / Member of Board of Directors

Dr. Atif Rehman Mian
Member of Board of Directors

Naeem Akhtar Sheikh
Financial Consultant

Asif Ur Rehman Mirza
Chief Financial Officer

Maroof Ali Syed
President and Chief Executive Officer

Admin Policy Committee

Dr. Ali Cheema
Chair / Member of Board of Directors

Maroof Ali Syed
President and Chief Executive Officer

Dr. Adnan Qadir Khan
Member of Board of Directors

Wasif Ali Mullick
Director Operations

HR Committee

Dr. Asim Ijaz Khwaja
Member Board of Directors

Dr. Tahir Raza Shah Andrabi
Member Board of Directors

Maroof Ali Syed
President and Chief Executive Officer

Imran Ur Rahman
Executive Vice President, Human Resources

Company Secretary

Asif Ur Rehman Mirza
Chief Financial Officer

Safeguarding Officer

Mehr Tiwana
Assoicate Director, Communications and Outreach

Auditors

EY FORD Rhodes
96-B/1 Pace Mall Building,
4th Floor, M. M. Alam Road,
Gulberg II, Lahore 54660.
https://www.ey.com/en_gl

Legal Advisers

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

Financial Consultants

UHY Hassan Naeem & Co. Chartered Accountants:
A member of UHY, an international association of independent accounting and consulting firms.
193-A, Shah Jamal Lahore Pakistan.
Contact No: +92 (42) 7599938.
http://www.uhy-hnco.com/hnco/

FINANCIAL STATEMENTS

For the year ended 30 June, 2021

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CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

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INDEPENDENT AUDITOR'S 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**, which comprise the statement of financial position as at **30 June 2021**, the statement of income and expenditure, statement of other comprehensive income, the statement of accumulated fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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 expenditure, statement of other comprehensive income, the statement of accumulated fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the income and expenditure and total comprehensive income, the changes in accumulated fund and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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.

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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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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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 expenditure, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and agree with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

EY

Chartered Accountants
Lahore: 06 October 2021

CENTRE FOR ECONOMIC RESEARCH IN PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
FUNDS AND LIABILITIES			
Accumulated fund			
Restricted fund			
Deferred grant - income based	5	136,476,517	99,018,346
Deferred grant - capital based		5,216,194	4,856,835
		141,692,711	103,875,181
General fund - unrestricted		104,537,662	116,734,304
Total fund		246,230,373	220,609,485
Non-current liability			
Lease liability	6	16,033,764	23,547,848
Current liabilities			
Current portion of lease liability	6	6,705,039	5,029,720
Contract liabilities		713,878	-
Trade and other payables	7	41,755,385	53,180,115
		49,174,302	58,209,835
Total liabilities		65,208,066	81,757,683
Contingencies and commitments	8	-	-
TOTAL FUND AND LIABILITIES		311,438,439	302,367,168
ASSETS			
Non-current assets			
Property and equipment	9	19,724,687	20,965,666
Right-of-use asset	10	17,706,647	25,908,371
Long term deposits	11	3,019,000	15,311,672
Long term loans to employees		764,610	475,001
		41,214,944	62,660,710
Current assets			
Current portion of long term loan		604,621	1,000,000
Advances, prepayments, deposits and other receivables	12	4,449,585	6,034,855
Trade receivables	13	11,599,327	12,047,531
Contract assets	14	7,104,489	3,911,914
Grant receivables	15	6,354,627	54,599,831
Tax refunds due from the Government	16	20,689,780	9,453,744
Cash and bank balances	17	219,421,066	152,658,583
		270,223,495	239,706,458
TOTAL ASSETS		311,438,439	302,367,168

The annexed notes from 1 to 29 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 30 JUNE 2021

		2021			2020
		Restricted	Unrestricted	Aggregate	Aggregate
	Note	Rupees	Rupees	Rupees	Rupees
INCOME					
Grants	22	208,350,330	32,696,937	241,047,267	305,135,055
Service income	18	-	84,077,228	84,077,228	47,823,158
Other income	19	2,750	8,719,889	8,722,639	16,709,615
Amortization of capital grant	9.1	2,781,071	-	2,781,071	2,683,217
		211,134,151	125,494,054	336,628,205	372,351,045
LESS: EXPENDITURE					
Direct expenses	22 & 20	(210,669,281)	(88,974,545)	(299,643,826)	(325,723,025)
Administrative expenses	21	-	(43,875,931)	(43,875,931)	(43,721,808)
Exchange loss, net	22	(464,870)	(613,344)	(1,078,214)	(1,633,239)
Finance costs	6	-	(4,226,876)	(4,226,876)	(4,910,490)
		(211,134,151)	(137,690,696)	(348,824,847)	(375,988,562)
DEFICIT FOR THE YEAR		-	(12,196,642)	(12,196,642)	(3,637,517)

The annexed notes from 1 to 29 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 30 JUNE 2021

	2021 Rupees	2020 Rupees
DEFICIT FOR THE YEAR	(12,196,642)	(3,637,517)
Other comprehensive income:		
Items that may be subsequently reclassified to statement of income and expenditure in subsequent years	-	-
Items that will not be reclassified to statement of income and expenditure in subsequent years	-	-
Total other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(12,196,642)	(3,637,517)

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

Chief Executive

Director

FOR THE YEAR ENDED 30 JUNE 2021

	Deferred grant income based	Deferred grant capital based	General fund	Total
	Restricted		Un-restricted	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2019	101,113,339	4,423,621	120,371,821	225,908,781
Grants Received during the year	279,588,263	-	-	279,588,263
Capital expenditure	(2,544,446)	2,544,446	-	-
Grant utilized during the year	(305,135,055)	-	-	(305,135,055)
Other adjustments	25,996,245	571,985	-	26,568,230
Amortization for the year		(2,683,217)	-	(2,683,217)
	(2,094,993)	433,214	-	(1,661,779)
Total comprehensive loss for the year	-	-	(3,637,517)	(3,637,517)
Balance as at 30 June 2020	99,018,346	4,856,835	116,734,304	220,609,485
Grants received during the year	**324,456,571**	-	-	**324,456,571**
Capital expenditure	**(3,140,430)**	**3,140,430**	-	-
Grants utilized during the year	**(241,047,267)**	-	-	**(241,047,267)**
Other adjustments	**(42,810,703)**	-	-	**(42,810,703)**
Amortization for the year	-	**(2,781,071)**	-	**(2,781,071)**
	37,458,171	**359,359**	-	**37,817,530**
Total comprehensive loss for the year	-	-	**(12,196,642)**	**(12,196,642)**
Balance as at 30 June 2021	**136,476,517**	**5,216,194**	**104,537,662**	**246,230,373**

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

Chief Executive

Director

	Note	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Deficit for the year		**(12,196,642)**	(3,637,517)
Adjustment of non-cash items:			
Depreciation of property and equipment	9	**6,264,535**	5,634,273
Depreciation of right-of-use asset	10	**6,248,583**	6,758,707
Expected credit loss	20	**3,007,723**	-
Finance costs	6	**4,226,876**	4,910,490
Exchange loss, net	22	**(1,078,214)**	(1,633,239)
		18,669,503	15,670,231
Cash flows before working capital changes		**6,472,861**	12,032,714
Changes in working capital			
Decrease / (increase) in current assets			
Advances prepayments and other receivables		**1,585,270**	946,843
Trade receivables		**(247,796)**	5,561,469
Contract asset		**(5,504,298)**	-
Grant receivables		**48,273,698**	10,870,276
Tax refunds due from the Government		**(11,236,036)**	567,787
Increase / (decrease) in current liabilities			
Contract liabilities		**713,878**	-
Trade and other payables		**(11,429,487)**	(8,061,940)
		22,155,229	9,884,435
Cash generated from operations		**28,628,090**	21,917,149
Finance costs paid		**(4,226,876)**	(4,910,490)
Long term deposits - net	11	**12,292,672**	(2,284,944)
Long term loans - net		**105,770**	(872,075)
		8,171,566	(8,067,509)
Net cash flows from operating activities		**36,799,656**	13,849,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	9	**(5,023,555)**	(10,110,901)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liability	6	**(3,885,624)**	(4,089,510)
Grants received during the year - net		**38,750,789**	(748,440)
Net cash flow from financing activities		**34,865,165**	(4,837,950)
Net increase / (decrease) in cash and cash equivalents		**66,641,266**	(1,099,211)
Effect of exchange rate changes on cash and cash equivalents		**121,217**	633,059
Cash and cash equivalents at beginning of year		**152,658,583**	153,124,735
Cash and cash equivalents at end of year		**219,421,066**	152,658,583

The annexed notes from 1 to 29 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 30 JUNE 2021

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.

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:

	Note
- Provisions	3.6
- Useful lives, residual values, and method of depreciation of property and equipment	3.7

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Standards, amendments and interpretations to published approved accounting standards effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

The Company has adopted the following new and revised standards, amendments and interpretation of IFRS which became effective for the current year:

i) Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no material impact on the financial statements of, nor is there expected to be any future material impact to the Company.

ii) Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no material impact on the financial statements of the Company, but may have material impact in future periods if the Company enter into any business combinations.

iii) Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no material impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

iv) Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. These amendment has been adopted and correctly accounted for in the financial statements by the Company as disclosed in Note 6.

v) Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

3.2 Accumulated fund

3.2.1 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.

3.2.2 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.

3.3 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.

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.

3.4 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.

3.5 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.

3.6 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.7 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.

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 6 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.

Judgment and estimates

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

3.8 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

3.9 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.

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

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 liabilities.

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).

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 Taxation

As per section 2(36) read with section 100C of income tax ordinance, 2001, the Society 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 preceding 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.

4 NEW STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE RELEVANT BUT NOT YET EFFECTIVE

The standards and interpretations with respect to the accounting and reporting standards as applicable in Pakistan that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard or Interpretation

- **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company expects that these amendments will have no impact on financial statements as their current practice is already in line with the proposed amendments.

- **Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and are applied prospectively. The amendments are not expected to have a material impact on the financial statements of the Company.

- **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in the statement of income and expenditure.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the financial statements of the Company.

- **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Considering the nature of operation of the Company, these amendments are not expected to have a material impact on the financial statements of the Company.

- **IFRS 1 - First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022. The amendments is not applicable to the Company.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the IASB expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in income and expenditure.

The amendments to IAS 12 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. However, these amendments are not expected to have a material impact on the financial statements of the Company.

- **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

  In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

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

Standard or Interpretation

- **IFRS 1 - First-time Adoption of International Financial Reporting Standards**

  In November 2008, the IASB issued IFRS 1 First time adoption of International reporting standards, sets out the procedures that an entity must follow when it adopts IFRSs for the first time as the basis for preparing its general purpose financial statements for a period beginning on or after 1 July 2004. However, the SECP has not yet notified its date of applicability in Pakistan.

- **IFRS 17 – Insurance Contracts**

  In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

  A specific adaptation for contracts with direct participation features (the variable fee approach)
  A simplified approach (the premium allocation approach) mainly for short-duration contracts

  IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

5 Deferred grant - Income based

Donors	Projects	At 01 July 2020		Grant received during the year	Grants utilized				As at 30 June 2021	
		Opening grants-advances received	Opening grants receivables		Grant Income	Service income	Capitalization / * Other adjustments	Total	Closing grants-advances received	Closing grants receivables
		Rupees								
Punjab Skills Development Fund / The British Asian Trust	The Punjab Economic Opportunities Program	9,175,927	-	5,031,990	(6,738,810)	(334,837)	-	(7,073,647)	7,134,270	-
		-	(28,310,892)	28,310,892	-		-	-	-	-
Harvard University / Massachusetts Institute of Technology (MIT)	Trust in State Authority	8,854,577	-	6,293,302	(3,012,995)	(3,327,161)	-	(6,340,156)	7,807,723	-
Massachusetts Institute of Technology (MIT), Malala Fund, Harvard University	Education Finance Project	30,781,735	(14,319,405)	63,201,152	(41,692,635)	(3,021,226)	-	(44,693,768)	38,129,495	(3,159,782)
						*	20,093			
London School of Economics (LSE)	Preferences Project	123,806	-	6,457,991	(20,064)		-	(20,064)	6,561,733	-
MIT/Harvard University/LSE/WB	Social Compact Project	10,911,728	(2,323,920)	14,791,823	(23,899,653)	(5,099,885)	(260,335)	(29,259,873)	-	(5,880,242)
University Of Oxford (UoF)	Social Norms Project	-	(4,574,752)	19,903,802	(11,323,442)	(1,999,449)	-	(13,322,891)	2,006,159	-
University College London (UCL) / LSE	Assets Transfer Project	8,543,349	-	3,386,574	(864,613)		-	(864,613)	11,065,310	-
USB Optimus Foundation	Microbe Literacy Project	87,227	-	-	-		-	-	87,227	-
Innovation For Poverty Action/ LSE	Mobile Money Project	-	(4,295)	-	-	-	-	-	-	(4,295)
Columbia University	Barriers to Industrial Upgrading	3,208,321	-	13,114,015	(3,221,712)	(2,332,298)	-	(5,554,010)	10,768,326	-
MIT	Political Connections	1,045,227	-	1,533,019	(1,263,822)	(201,347)		(1,465,169)	1,113,077	-
Michigan State University	Self selection in Storage Market	82,098	-	-	-		-	-	82,098	-
Private Enterprise Development in Low - Income Countries/ LSE	Day Labor	3,182,659	-	3,841,054	(2,757,148)	(481,352)	(154,100)	(3,392,600)	3,631,113	-
Sub total	A	75,996,654	(49,533,264)	164,865,614	(94,794,894)	(16,797,556)	(414,435)	(111,986,791)	88,386,532	(9,044,319)
						*	20,093			

5 Deferred grant - Income based

Donors	Projects	At 01 July 2020		Grant received during the year	Grants utilized				As at 30 June 2021	
		Opening grants-advances received	Opening grants receivables		Grant Income	Service Income	Capitalizatin n / * Other adjustments	Total	Closing grants-advances received	Closing grants receivables
		Rupees								
Goeth University Frankfurt	National Outreach Program	67,948	-	-	(25,161)	-	-	(25,161)	42,787	-
Harvard University/United Nations Development Program	Building Capacity to use Research Evidence	11,375	(2,640,636)		-	-	-	-	-	(2,029,261)
Harvard University/MIT	Benazir Income Support Program	(972)	(60,340)	7,451,095	(5,508,148)	(976,995)	-	(6,485,143)	904,540	-
New York University	Think Project	246,342	-	-	(54,496)	-	-	(54,496)	191,846	-
LSE/MIT	Public Procurement Project	-	(143,635)					-	-	(143,635)
Duke University/Oxford Policy Management	PCSW project	1,402,564	(240,307)	240,307	(87,930)	(30,504)	-	(118,434)	1,284,130	-
Institute For Social And Economic Research	KP Polio Project	-	(37,108)	-	-	-	-	-	-	(37,108)
PCSW/LSE/Duke University/Asian Development Bank/PEDL	Women Mobility Project	5,818,266	(3,175,016)	35,755,742	(23,898,743)	(5,098,879)	(702,600) * 28,462	(29,668,760)	11,730,232	-
Precision Agriculture For Development (PAD)	PAD Project	444,953	-	54,631,044	(40,930,392)	(7,084,123)	(1,169,700)	(49,184,215)	5,891,782	-
Leibniz University Hannover	Higher Education Commission Project	3,673,994	-	-	(212,022)	-	-	(212,022)	3,461,972	-
London School Of Economics	Saving through Digitization Project	52,644	-	422,801	(505,035)	-	-	(505,035)	-	(29,540)
Stanford University	Gender Norms Project	-	(702,204)	1,804,392	(1,739,548)	-	- * 6,399	(1,733,149)	-	(630,961)
Habib Bank Limited	Lending in Agriculture	4,639,328	-	6,435,460	(3,646,649)	-	-	(3,646,649)	7,428,239	-
Sub total	B	19,356,442	(6,399,246)	106,740,891	(76,605,024)	(13,190,501)	(1,872,300) * 34,861	(91,632,964)	30,935,628	(2,870,505)

5 Deferred grant - Income based

Donors	Projects	At 01 July 2020		Grant received during the year	Grants utilized				As at 30 June 2021	
		Opening grants-advances received	Opening grants receivables		Grant Income	Service Income	Capitalization / * Other adjustments	Total	Closing grants-advances received	Closing grants receivables
		Rupees								
Andrea Von Braun Stiftung	Environmental Auditing Project_EPA	3,374,800	-	4,461,236	(942,382)	-	-	(942,382)	6,893,654	-
World Bank Group	Trust and Compliance	290,450	(1,684,000)	1,684,000	(214,754)		-	(214,754)	75,696	-
Massachusetts Institute of Technology (MIT)	OSAP	-	(111,884)	13,175,595	(9,616,052)	(1,678,194)	(209,945)	(11,504,191)	1,559,520	-
CERP Foundation	EVAP	-	(77,333)	6,063,043	(5,402,272)			(5,402,272)	583,438	-
Hitotsubashi University	GMTP	-	-	836,500	(727,391)	(109,109)	-	(836,500)	-	-
London School Of Economics, Innovations for Poverty Action(IPA)	State Engagement with Religious leaders for effective COVID19 Crisis Response	-	-	5,424,702	(1,929,974)	(235,821)	-	(2,165,795)	3,258,907	-
London School Of Economics	Strengthening State Capacity and Enhancing Bureaucratic Effectiveness	-	-	2,197,305	(896,942)		-	(896,942)	1,300,363	-
Foreign, Commonwealth and Development Office-FCDO (UK)	SCALE	-	-	5,955,313	(6,274,049)	(249,424)	(481,750)	(7,005,223)	-	(1,049,910)
Red Buffer / SNG	Property Tax Innovation through Digital Technologies (PTID)	-	-	1,372,360	(3,482,488)	(348,249)		(3,955,488)	36,653	(2,619,781)
London School Of Economics	Judiciary Project	-	-	3,761,231	(953,336)		* (124,751) (162,000)	(1,115,336)	2,645,895	-
CERP Foundation	Multiple Micronutrient Supplements for Maternal Health in Pakistan (MMS)	-	-	6,149,905	(5,349,674)		-	(5,349,674)	800,231	-
Massachusetts Institute of Technology (MIT)	Political Engagement Project	-	(706,018)	1,768,876	(1,161,098)	(88,084)	-	(1,249,182)	-	(186,324)
Sub total	C	3,665,250	(2,579,235)	52,850,066	(36,950,412)	(2,708,881)	(853,695) * (124,751)	(40,637,739)	17,154,357	(3,856,015)
Total	D = A + B + C	99,018,346	(58,511,745)	324,456,571	(208,350,330)	(32,696,937)	(3,140,430) * (69,797)	(244,257,494)	136,476,517	(15,770,839)

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	2021 Rupees	2020 Rupees
As at 01 July		28,577,568	-
Impact of initial application of IFRS 16		-	32,667,078
		28,577,568	32,667,078
Accretion of interest	10.1	4,226,876	4,910,490
Payments		(8,112,500)	(9,000,000)
Adjustment due to rent concession	6.1	(1,953,141)	-
As at 30 June	6.2	22,738,803	28,577,568
Current portion shown under current liabilities		6,705,039	5,029,720
Long term portion shown under non-current liabilities		16,033,764	23,547,848
Balance as at 30 June		22,738,803	28,577,568

6.1 The Company has applied the practical expedient to all rent concessions that meet the conditions in the "Covid-19 Related Rent Concessions - Amendment to IFRS-16 Leases". Rent concession income recognized by the Company during the year is Rs. 1,953,141 (2020: Nil).

6.2 Maturity analysis of lease liabilities

	2021		
	Lease rentals	Finance cost for future years	Principal outstanding
	Rupees		
Within one year	10,147,500	3,442,461	6,705,039
After one year but not more than five years	19,148,250	3,114,486	16,033,764
	29,295,750	6,556,947	22,738,803

	2020		
	Lease rentals	Finance cost for future years	Principal outstanding
	Rupees		
Within one year	9,225,000	4,195,280	5,029,720
After one year but not more than five years	29,295,750	5,747,902	23,547,848
	38,520,750	9,943,182	28,577,568

7 TRADE AND OTHER PAYABLES

	2021 Rupees	2020 Rupees
Trade payables	1,925,740	25,191,166
Withholding tax payable	13,936,800	16,049,267
Other payables	6,937,001	1,175,603
Payable to provident fund	15,657,231	-
Accrued expenses	3,298,613	10,764,079
	41,755,385	53,180,115

8 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments to report as at year end (2020: Nil).

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9 PROPERTY AND EQUIPMENT

	Note	2021 Rupees	2020 Rupees
Project assets	9.1	5,216,194	4,856,835
Owned assets	9.2	14,508,493	16,108,831
		19,724,687	20,965,666

9.1 Project assets

Particulars	Cost: As at 01 July 2020	Cost: Additions	Cost: Disposals	Cost: As at 30 June 2021	Accumulated depreciation: As at 01 July 2020	Accumulated depreciation: For the year	Accumulated depreciation: Disposals	Accumulated depreciation: As at 30 June 2021	Net Book Value As at 30 June 2021	Rate %
	Rupees									
Computers and accessories	17,081,701	3,140,430	(135,500)	20,086,631	13,329,865	2,567,935	(135,500)	15,762,300	4,324,331	30
Office equipment	1,593,465	-	-	1,593,465	897,743	159,352	-	1,057,095	536,370	10
Furniture and fixture	537,810	-	-	537,810	128,533	53,784	-	182,317	355,493	10
	19,212,976	3,140,430	(135,500)	22,217,906	14,356,141	2,781,071	(135,500)	17,001,712	5,216,194	

Particulars	Cost: As at 01 July 2019	Cost: Additions	Cost: Adjustments	Cost: As at 30 June 2020	Accumulated depreciation: As at 01 July 2019	Accumulated depreciation: For the year	Accumulated depreciation: Adjustments	Accumulated depreciation: As at 30 June 2020	Net Book Value As at 30 June 2020	Rate %
	Rupees									
Computers and accessories	10,922,255	2,544,446	3,615,000	17,081,701	7,244,775	2,470,090	3,615,000	13,329,865	3,751,836	30
Office equipment	5,208,465	-	(3,615,000)	1,593,465	4,353,397	159,346	(3,615,000)	897,743	695,722	10
Furniture and fixture	537,810	-	-	537,810	74,752	53,781	-	128,533	409,277	10
	16,668,530	2,544,446	-	19,212,976	11,672,924	2,683,217	-	14,356,141	4,856,835	

9.2 Owned assets

Particulars	Cost: As at 01 July 2020	Cost: Additions	Cost: Disposals	Cost: As at 30 June 2021	Accumulated depreciation: As at 01 July 2020	Accumulated depreciation: For the year	Accumulated depreciation: Disposals	Accumulated depreciation: As at 30 June 2021	Net Book Value As at 30 June 2021	Rate %
	Rupees									
Lease hold improvements	2,159,169	-	-	2,159,169	489,120	431,832	-	920,952	1,238,217	20
Computers equipment	4,997,582	1,572,724	-	6,570,306	2,182,964	1,542,833	-	3,725,797	2,844,509	30
Office equipment	6,470,320	310,401	-	6,780,721	1,192,238	664,991	-	1,857,229	4,923,492	10
Furniture and fixture	8,438,067	-	-	8,438,067	2,091,985	843,808	-	2,935,793	5,502,275	10
	22,065,138	1,883,125	-	23,948,263	5,956,307	3,483,464	-	9,439,771	14,508,493	

Particulars	Cost: As at 01 July 2019	Cost: Additions	Cost: Disposals	Cost: As at 30 June 2020	Accumulated depreciation: As at 01 July 2019	Accumulated depreciation: For the year	Accumulated depreciation: Disposals	Accumulated depreciation: As at 30 June 2020	Net Book Value As at 30 June 2020	Rate %
	Rupees									
Lease hold improvements	1,809,125	350,044	-	2,159,169	60,304	428,816	-	489,120	1,670,049	20
Computers and accessories	2,859,050	2,138,532	-	4,997,582	1,045,402	1,137,562	-	2,182,964	2,814,618	30
Office equipment	2,963,748	3,506,572	-	6,470,320	609,749	582,489	-	1,192,238	5,278,082	10
Furniture and fixture	6,866,760	1,571,307	-	8,438,067	1,289,796	802,189	-	2,091,985	6,346,082	10
	14,498,683	7,566,455	-	22,065,138	3,005,251	2,951,056	-	5,956,307	16,108,831	

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

	Note	2021 Rupees	2020 Rupees
Direct expenses - restricted	22	2,781,071	2,683,217
Direct expenses - unrestricted	20	950,675	685,230
Administrative expenses	21	2,532,789	2,265,826
		6,264,535	5,634,273

9.4 The cost of the assets as on 30 June 2021 include fully depreciated assets amounting to Rs.13,134,614 (2020: Rs.13,134,614) 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	2021 Rupees	2020 Rupees
Cost			
As at 01 July 2020		32,667,078	-
Initial Application of IFRS 16		-	32,667,078
		32,667,078	32,667,078
Adjustment due to reassessment		(1,953,141)	-
As at 30 June 2021		30,713,937	32,667,078
Accumulated depreciation			
As at 01 July 2020		6,758,707	-
Depreciation expense	10.1.1	6,248,583	6,758,707
As at 30 June 2021		13,007,290	6,758,707
Net book value as at 30 June		17,706,647	25,908,371
Lease term (in years)		5 years	5 years

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

	Note	2021 Rupees	2020 Rupees
Depreciation expense of right-of-use assets	10.1.1	6,248,583	6,758,707
Accrued Interest on lease liability	6	4,226,876	4,910,490
Rent concession income	6	(1,953,141)	-
		8,522,318	11,669,197

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

	Note	2021 Rupees	2020 Rupees
Direct expenses	20	2,538,689	3,899,910
Administrative expenses	21	3,709,894	2,858,797
		6,248,583	6,758,707

11 LONG TERM DEPOSITS

	2021	2020
Head office	2,250,000	2,250,000
Others	769,000	13,061,672
	3,019,000	15,311,672

12 ADVANCES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2021 Rupees	2020 Rupees
Prepayments		3,073,687	2,776,994
Other receivables		816,114	1,948,224
Advance to employees against expenses		366,285	750,273
Advance to suppliers		18,670	2,160
Deposits		174,829	557,204
		4,449,585	6,034,855

13 TRADE RECEIVABLES

	Note	2021 Rupees	2020 Rupees
Trade receivables		12,295,327	12,047,531
Less: allowance for expected credit loss		(696,000)	-
		11,599,327	12,047,531

13.1 Movement of allowance for expected credit losses

	Note	2021 Rupees	2020 Rupees
Balance as at 01 July		-	-
Charge during the year	20	696,000	-
Balance as at 30 June		696,000	-

14 CONTRACT ASSETS

	Note	2021 Rupees	2020 Rupees
Unbilled expenses to donor		9,416,212	3,911,914
Less: allowance for expected credit loss		(2,311,723)	-
		7,104,489	-

14.1 Movement of allowance for expected credit losses

	Note	2021 Rupees	2020 Rupees
Balance as at 01 July		-	-
Charge for the year	20	2,311,723	-
Balance as at 30 June		2,311,723	-

15 GRANT RECEIVABLES

	Note	2021 Rupees	2020 Rupees
Billed expenses to donor		6,354,627	54,599,831

15.1 Grant receivables are non-interest bearing and are generally on terms of 30 to 90 days. The grant receivables balance decreased due to decrease in grant income.

16 TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2021 Rupees	2020 Rupees
Income tax refundable		13,599,165	6,667,814
Sales tax refundable		7,090,615	2,785,930
		20,689,780	9,453,744

17 CASH AND BANK BALANCES

	Note	2021 Rupees	2020 Rupees
With banks on:			
- Current accounts			
Foreign currency - USD		12,098,576	4,951,244
Foreign currency - GBP		1,629,104	3,358,019
Local currency - Pak Rupees		1,294,053	7,328,771
- Saving accounts			
Foreign currency - USD		119,602	258,101
Foreign currency - GBP		163,848	23,612,865
Local currency - Pak Rupees		204,115,883	113,151,583
	17.1	219,421,066	152,658,583

17.1 The savings accounts earns interest at floating rates based on daily bank deposit rates ranging from 6.5% to 7.25% (2020: 6% to 7%) per annum.

18 SERVICE INCOME	Note	2021 Rupees	2020 Rupees
Analytics		11,963,177	4,140,000
Executive education		29,362,843	11,229,938
Cerp lab project		10,808,150	-
Policy advisory		9,009,471	6,021,000
Survey unit		20,933,587	20,832,220
Growth monitory project		2,000,000	5,600,000
	18.1	84,077,228	47,823,158

18.1 **Satisfaction of performance obligation**

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

18.2 Geographical markets	Note	2021 Rupees	2020 Rupees
Pakistan		84,077,228	47,823,158

18.3 **Timing of revenue recognition**

Performance obligation satisfied over time		84,077,228	47,823,158

18.4 **Contract balances**

Trade receivables	18.4	11,599,327	12,047,531
Contract liabilities		713,878	-
		12,313,205	12,047,531

18.41 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.

18.42 Contract liabilities represent consideration received to deliver services. Contract liabilities as at the beginning of the year, aggregating to Rs. nil (2020: Rs. nil), have been recognized as revenue upon the provision of services.

19 OTHER INCOME	2021			2020
	Restricted	Unrestricted	Aggregate	Aggregate
	Rupees			
Income From Financial Assets:				
Profit on bank deposits	-	5,107,717	5,107,717	6,775,710
Profit on short term investment	-	3,180,526	3,180,526	4,445,560
Income From Non Financial Assets:				
Miscellaneous income	2,750	431,646	434,396	5,488,345
	2,750	8,719,889	8,722,639	16,709,615

20 DIRECT EXPENSES-UNRESTRICTED	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	20.1	58,258,513	32,210,387
Consultancy charges		12,978,676	3,882,650
Surveys		1,134,154	3,047,433
Expected credit loss		3,007,723	-
Fees and subscription		2,788,021	616,954
Depreciation of right-of-use assets	10.1	2,538,689	2,703,482
Legal and professional charges		2,466,004	76,000
Rent rates and taxes		441,769	371,767
Depreciation of property and equipment	9.3	950,675	685,230
Utilities		689,057	635,332
Training charges		679,600	748,601
Communication charges		664,307	771,370
Insurance		541,084	63,691
Office supplies		490,325	970,725
Travelling and conveyance		482,941	2,287,590
Meal and entertainment		228,001	955,362
Printing and stationery		208,268	934,731
Bank charges		39,749	21,776
Repair and maintenance		26,440	637,324
Miscellaneous expenses		360,549	1,498,632
		88,974,545	53,119,037

20.1 This includes amount of Rs. 1,709,380 (2020: nil) in respect of contribution towards provident fund.

21 ADMINISTRATIVE EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	21.1	28,004,899	23,398,040
Depreciation of right of use assets	10	3,709,894	2,858,797
Legal and professional charges		2,573,220	2,900,326
Depreciation of property and equipment	9.3	2,532,789	2,265,826
Insurance		1,314,556	904,609
Fees and subscription		1,279,698	861,922
Office supplies		881,533	1,165,199
Auditors remuneration	21.2	800,000	575,000
Utilities		719,015	834,640
Bank charges		341,822	109,006
Communication charges		276,198	434,174
Printing and stationery		272,813	296,875
Training charges		263,000	114,335
Meal and entertainment		254,505	255,029
Repair and maintenance		243,504	691,228
Travelling and conveyance		110,420	2,903,702
Fuel expense		85,107	405,825
Data entry charges		42,470	79,159
Surveys		-	423,750
Consultancy charges		-	826,478
Donations		-	926,741
Miscellaneous expenses		170,488	491,147
		43,875,931	43,721,808

21.1 This includes amount of Rs.3,425,480 (2020: Rs. nil) in respect of contribution towards provident fund

21.2 Auditors' remuneration	2021 Rupees	2020 Rupees
Audit fee	650,000	525,000
Out of pocket expenses	150,000	50,000
	800,000	575,000

32 SEGMENT WISE INCOME AND EXPENDITURE

	BISP	Day Labor	EFP (JICA)	EFP	EPA	ERL	EVAP	FGNP	GMTP	HECP	Judiciary Project	LIA	LSP	MLP	MMS	NOP
Income																
Grants	5,508,148	2,757,148	9,787,229	31,905,406	942,382	1,929,974	5,402,272	1,739,548	727,391	212,022	953,336	3,646,549	864,613	-	5,349,674	25,161
Service Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	2,750	-	-	-	-	-	-	-	-	-
Amortization of capital grant	72,163	7,705	-	1,016,296	-	-	-	9,195	-	-	8,100	85,989	24,783	102,872	-	-
	5,580,311	2,764,853	9,787,229	32,921,702	942,382	1,929,974	5,405,022	1,748,743	727,391	212,022	961,436	3,732,538	889,396	102,872	5,349,674	25,161
Expenditure																
Salaries, wages and other benefits	5,279,555	2,362,812	940,000	16,491,632	651,681	1,279,111	2,633,390	1,628,746	709,919	64,559	424,698	3,335,968	779,723	-	5,524,082	25,161
Surveys	-	-	-	6,080,800	-	549,018	2,450,600	-	-	-	-	-	-	-	-	-
Consultancy charges	-	-	8,094,530	5,188,253	-	-	96,200	-	-	-	-	-	-	-	-	-
Communication charges	60,380	36,250	8,131	797,757	-	65,185	258,583	42,144	-	-	-	2,360	18,223	-	-	-
Fees and subscription	129,240	10,277	-	1,541,014	-	18,324	20,683	34,432	-	67,687	6,455	74,746	40,135	-	-	-
Depreciation of right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation of property and equipment	72,163	7,705	-	1,016,296	-	-	-	9,195	-	-	8,100	85,989	24,783	102,872	-	-
Legal and professional charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travelling and conveyance	10,650	95,610	242,318	844,768	287,807	-	-	-	-	67,288	612,281	95,547	16,460	-	-	-
Printing and stationery	-	870	108,160	538,067	-	-	-	-	-	-	-	48,230	-	-	-	-
Expected credit Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	22,367	25,816	-	106,969	2,924	1,723	-	9,005	17,472	-	-	13,887	10,072	-	-	-
Training charges	-	100,000	632,880	-	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent rates and taxes	-	-	-	8,000	-	-	-	-	-	-	-	-	-	-	-	-
Exchange (gain) / loss	(16,853)	-	-	(86,490)	-	1,250	(69,294)	23,707	-	-	-	-	-	-	(174,408)	-
Auditors remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meal and entertainment	750	8,220	46,190	51,752	-	-	-	-	-	-	-	15,341	1,000	-	-	-
Repair and maintenance	12,490	-	12,000	46,960	-	-	-	-	-	-	10,000	-	-	-	-	-
Bank charges	5,603	-	-	3,981	-	11,359	-	1,520	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Call center	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Data entry charges	-	-	-	10,900	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	106,883	75,000	241,412	-	-	2,800	-	-	22,496	-	470	-	-	-	-
	5,580,311	2,764,853	9,787,229	32,921,702	942,382	1,929,974	5,405,022	1,748,743	727,391	212,022	961,436	3,732,538	889,396	102,872	5,349,674	25,161
(Deficit) / Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

SEGMENT WISE INCOME AND EXPEN

	OSAP	PAD	PC-KPK	PCSW-NR	PEOP-BAT	PEOP-PSDF	PEP	PPP	PTID	PTP	SAP	Scale(FCDO)	SCALE	Soccer Ball	Social Norms	SSC
Income																
Grants	9,616,052	40,930,202	1,263,822	87,930	1,414,809	6,324,001	1,161,098	20,064	3,482,488	23,899,653	3,012,995	2,803,469	3,470,580	3,221,712	11,323,442	896,942
Service income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of capital grant	52,486	359,503	10,856	87,012	130,138	34,241	-	-	-	168,286	82,320	48,175	-	-	-	-
	9,668,538	41,289,695	1,274,678	174,942	1,544,947	6,358,242	1,161,098	20,064	3,482,488	24,067,939	3,095,315	2,851,644	3,470,580	3,221,712	11,323,442	896,942
Expenditure																
Salaries, wages and other benefits	2,353,291	16,531,946	1,100,000	-	354,387	3,219,048	1,030,962	-	3,438,044	7,592,324	2,844,500	2,742,408	3,311,422	3,091,969	1,687,496	883,289
Surveys	7,061,889	3,158,250	-	79,000	1,060,422	1,683,891	1,100	-	44,444	9,966,007	2,900	-	-	-	8,951,724	-
Consultancy charges	-	-	-	-	-	-	-	-	-	3,407,117	-	-	-	66,120	-	-
Communication charges	1,688	17,889,770	-	-	-	17,468	4,799	-	-	661,603	10,711	2,249	-	-	23,375	26
Fees and subscription	40,314	402,896	56,689	-	-	353,095	61,950	20,064	-	1,083,238	169,322	53,416	1,692	40,876	54,498	13,176
Depreciation of right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation of property and equipment	52,486	359,503	10,856	87,012	130,138	34,241	-	-	-	168,286	82,320	48,175	-	-	-	-
Legal and professional charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travelling and conveyance	57,902	209,065	12,914	-	-	-	-	-	-	215,160	-	3,208	-	-	370,538	-
Printing and stationery	1,910	11,560	-	-	-	-	350	-	-	2,361,590	-	-	-	-	28,898	-
Expected credit Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	6,723	75,197	7,112	2,651	-	16,717	6,954	-	-	44,376	12,889	2,098	-	22,747	2,754	471
Training charges	20,000	-	-	-	-	-	-	-	-	22,000	-	-	-	-	70,222	-
Office supplies	-	-	-	-	-	-	-	-	-	67,755	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	30,984	-	-	-	-	-	-
Rent rates and taxes	-	-	-	-	-	-	-	-	-	225,878	-	-	-	-	-	-
Exchange (gain) / loss	66,552	475,664	-	9,279	-	26,789	48,073	-	-	185,586	(27,327)	-	-	-	9,257	-
Auditors remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meal and entertainment	3,750	33,134	17,566	-	-	-	-	-	-	-	-	-	-	-	28,870	-
Repair and maintenance	-	34,000	-	-	-	-	-	-	-	15,098	-	-	-	-	-	-
Bank charges	2,033	12,980	-	-	-	4,853	-	-	-	16,847	-	-	-	-	1,865	-
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Call center	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Data entry charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous expenses	-	96,236	9,648	-	-	340	-	-	-	214,065	-	-	157,466	-	84,148	-
	9,668,538	41,289,895	1,274,678	174,942	1,544,947	6,358,242	1,161,098	20,064	3,482,488	24,067,939	3,095,315	2,851,644	3,470,580	3,221,712	11,323,442	896,942
(Deficit) / Surplus for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

SEGMENT WISE INCOME AND EXPEN

	STDP	TAC	THINK	WMP	Total Restricted	Analytics Project	BCURE	Cerp Lab Project	Policy Advisory	Survey Wing	GMTP	Aggregate	CERP-CORE	Unrestricted	TOTAL
Income															
Grants	505,035	214,754	54,496	23,895,743	208,350,330	-	-	-	-	-	-	-	32,696,937	32,696,937	241,047,267
Service income	-	-	-	-	-	11,963,177	25,362,843	10,808,150	9,009,471	20,933,587	2,000,000	84,077,228	-	84,077,228	84,077,228
Other income	-	-	-	-	2,750	-	-	-	-	-	-	-	8,719,889	8,719,889	8,722,639
Amortization of capital grant	-	-	8,350	472,601	2,781,071	-	-	-	-	-	-	-	-	-	2,781,071
	505,035	214,754	62,846	24,368,344	211,134,151	11,963,177	25,362,843	10,808,150	9,009,471	20,933,587	2,000,000	84,077,228	41,416,826	125,494,054	336,628,205
Expenditure															
Salaries, wages and other benefits	482,359	-	-	16,748,538	111,291,868	13,013,375	12,602,101	5,318,724	8,665,762	17,663,346	995,205	58,258,513	28,004,899	86,263,412	197,545,080
Surveys	-	-	-	2,838,939	40,928,784	21,167	-	-	-	355,713	757,274	1,134,154	-	1,134,154	42,062,938
Consultancy charges	-	-	-	-	16,852,220	1,434,000	11,171,411	373,265	-	-	-	12,978,676	-	12,978,676	29,830,896
Communication charges	-	-	-	1,662,537	21,464,261	30,869	140,768	91,217	57,853	315,159	28,441	664,307	276,198	940,505	22,404,766
Fees and subscription	14,366	-	54,496	1,327,447	6,497,430	217,506	167,801	1,208,113	127,075	998,663	68,863	2,788,021	1,279,698	4,067,719	10,565,149
Depreciation of right-of-use assets	-	-	-	-	-	273,661	152,938	236,764	110,639	1,764,687	-	2,538,689	3,709,894	6,248,583	6,248,583
Depreciation of property and equipment	-	-	8,350	472,601	2,781,071	96,930	54,170	83,861	39,166	625,046	51,480	950,675	2,532,789	3,483,464	6,264,535
Legal and professional charges	-	-	-	-	-	536,088	428,870	643,305	321,653	536,088	-	2,466,004	2,573,220	5,039,224	5,039,224
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-		-	4,226,876
Travelling and conveyance	-	-	-	369,980	3,411,608	410,304	20,155	-	47,348	3,100	2,037	482,941	110,420	593,361	4,004,969
Printing and stationery	-	-	-	2,910	3,133,090	42,132	101,476	-	44,510	220	19,930	208,268	272,813	481,081	3,614,171
Expected credit Loss	-	-	-	-		696,000	2,311,723	-	-	-	-	3,007,723	-	3,007,723	3,007,723
Insurance	-	-	-	191,814	594,648	68,014	50,379	17,455	38,549	356,006	10,681	541,084	1,314,556	1,855,640	2,450,288
Training charges	-	-	-	-	845,102	128,000	491,600	60,000	-	-	-	679,600	263,000	942,600	1,787,702
Office supplies	-	-	-	136,450	393,206	102,190	81,782	122,629	61,314	122,440	-	490,325	881,533	1,371,858	1,875,063
Utilities	-	-	-	41,823	62,867	149,795	119,636	179,754	89,877	149,795	-	689,057	719,015	1,408,072	1,470,879
Rent rates and taxes	-	-	-	401,768	685,646	87,578	61,300	105,094	52,547	120,699	6,546	441,769	-	441,769	1,127,415
Exchange (gain) / loss	5,941	13,000	-	(22,865)	464,870	15,279	67,638	(12,288)	(43,876)	302,350	-	349,304	264,040	613,344	1,078,214
Auditors remuneration	-	-	-	-	-	-	-	-	-	-	-	-	800,000	800,000	800,000
Meal and entertainment	-	-	-	-	246,574	92,346	93,693	2,520	-	22,152	17,290	228,001	254,505	482,506	729,080
Repair and maintenance	-	-	-	165,927	316,427	6,800	-	-	-	14,600	5,040	26,440	243,504	269,944	586,371
Bank charges	2,369	-	-	20,129	87,118	8,781	29,445	-	1,523	-	-	39,749	341,822	381,571	468,689
Donations	-	202,754	-	-	202,754	-	-	-	-	-	-	-	-	-	202,754
Fuel expenses	-	-	-	-	-	-	-	-	-	-	-	-	88,107	88,107	88,107
Call center	-	-	-	-	-	-	-	-	-	-	-	-	42,470	42,470	42,470
Data entry charges	-	-	-	-	10,500	-	-	-	-	-	-	-	-	-	10,500
Miscellaneous expenses	-	-	-	51,347	1,064,368	64,159	233,120	-	-	23,238	40,035	360,549	170,488	531,037	1,595,405
	505,035	214,754	62,846	24,368,344	211,134,151	17,494,974	28,400,382	8,430,413	9,613,959	23,381,299	2,002,822	89,323,849	44,139,971	133,463,820	348,824,847
(Deficit) / Surplus for the year	-	-	-	-	-	(5,531,797)	962,461	2,377,737	(604,488)	(2,447,712)	(2,822)	(5,246,621)	(2,723,145)	(7,969,766)	(12,196,642)

22 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.

22.1 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:

	---2021---		
	Rupees	**US$**	**GBP**
Cash and cash equivalents	**205,409,936**	**77,699**	8,228
Trade and other payables	**41,304,087**	2,870	-
Statement of financial position exposure	**246,714,023**	**80,569**	8,228

	---2020---		
	Rupees	US$	GBP
Cash and cash equivalents	32,220,102	169,923	17,509
Creditors and other payables	2,848,253	16,995	-
Statement of financial position exposure	35,068,355	186,918	17,509

The following significant exchange rates have been applied:

	Average rate		Reporting date mid spot rate	
	2021	2020	2021	2020
	---Rupees---			
Rupee to US $	**160.14**	121.4	**157.25**	168.00
Rupee to GBP	**207.66**	159.4	**217.90**	206.50

Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the USD at June 30, 2021 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, 2020.

Effect on exchange (loss) / gain for the year:	2021 Rupees	2020 Rupees
US $ to Rupee		
Increase / Decrease for the year	1,266,948	3,140,222
GBP to Rupee		
Increase / Decrease for the year	179,288	361,561

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

22.2 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.

22.2.1 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.

	2021 Rupees	2020 Rupees
Deposits	3,193,829	15,868,876
Long term loans	1,369,231	1,475,001
Other receivables	816,114	1,948,224
Trade receivables	12,295,127	12,047,531
Contract assets	9,427,587	3,911,914
Grant receivables	6,354,627	54,599,831
Balances with banks	219,421,066	152,658,583
	252,877,581	242,509,960

a) Trade Receivables

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

	2021			2020		
	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%	11,275,847	226	0.00%	12,047,531	-
31 to 60 days	0.00%	323,280	-	0.00%	-	-
61 to 90 days	0.00%	-	-	0.00%	-	-
Above 90 days	100.00%	696,000	696,000	0.00%	-	-
Total		12,295,127	696,226		12,047,531	-

b) Contract assets

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

	2021			2020		
	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%	7,116,476	142	0.00%	3,911,914	-
31 to 60 days	0.00%	-	-	0.00%		-
61 to 90 days	0.00%	-	-	0.00%		-
Above 90 days	100.00%	2,311,111	2,311,111	0.00%		-
Total		9,427,587	2,311,253		3,911,914.00	-

c) Grant Receivables

	2021 Rupees	2020 Rupees
0 to 30 days	6,354,627	23,113,923
31 to 60 days	-	-
61 to 90 days	-	-
Above 90 days	-	31,485,908
Total	6,354,627	54,599,831

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	2021 Rupees	2020 Rupees
Meezan Bank Limited	A-1+	AAA	VIS	7,100,851	51,488,549
Bank Alfalah Limited	A-1+	AA+	PACRA	201,689	201,689
Standard Chartered Bank	A-1+	AAA	PACRA	211,819,222	100,672,559
Silk Bank Limited	A-2	A-	VIS	8,724	5,207
Telenor Microfinance Bank	A1	A+	PACRA	290,580	290,579
				219,421,066	152,658,583

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.

22.3 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.

22.31. 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.

	2021			
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**More than 1 year but less than 5 years**
	Rupees			
Trade and other payables	**41,755,385**	**41,755,385**	**41,755,385**	-
Lease liability	**22,738,803**	**29,295,750**	**10,147,500**	**19,148,250**
	64,494,188	**71,051,135**	**51,902,885**	**19,148,250**

	2020			
	Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year but less than 5 years
	Rupees			
Trade and other payables	53,180,115	53,180,115	53,180,115	-
Lease liability	28,577,568	38,520,750	9,225,000	29,295,750
	81,757,683	91,700,865	62,405,115	29,295,750

23 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.

23.1 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 30 June 2021, the Company did not hold any financial instruments carried at fair value.

Financial instruments by categories

	2021	2020
	Rupees	
Financial assets at amortized cost		
Deposits	3,193,829	15,868,876
Long term loans	1,369,231	1,475,001
Other receivables	816,114	1,948,224
Trade receivables	12,295,127	12,047,531
Contract assets	9,427,587	3,911,914
Grant Receivables	6,354,627	54,599,831
Balances with banks	219,421,066	152,658,583
	252,877,581	242,509,960
Financial liabilities measured at amortized cost		
Trade and other payables	41,755,385	53,180,115
Lease liability	22,738,803	28,577,568
	64,494,188	81,757,683

24 **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 are:

a) 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
b) 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).

25 **REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees			
Remuneration	12,074,885	91,800,553	14,361,818	64,555,526
Medical allowance	934,560	6,653,339	1,436,182	6,876,986
Income tax	3,262,884	8,653,365	2,994,500	4,214,334
Reimbursement of expenses	130,424	673,625	41,050	400,000
	16,402,753	107,780,882	18,833,550	76,046,846
Number of persons	1	41	1	36

25.1 No remuneration is being paid to the board of directors of the company (2020: Nil).

26 RELATED PARTY TRANSACTIONS

26.1 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:

Name of Director	Relationships	Name of the project
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. Adnan Qadir Khan	Principal Investigator	Assets Transfer Project
Dr. Adnan Qadir Khan	Principal Investigator	Benazir Income Support Program
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.

26.2 Transactions with related parties

Name of related party	Nature of transactions	Relationship	2021	2020
CERP Foundation	Receiving of Deferred grants	Common Board Members	12,453,640	-
Dr. Tahir Raza Shah Andrabi	Travelling and Accommodation	Member of Board of Directors	195,171	-
Dr. Adnan Qadir Khan	Travelling and Accommodation	Member of Board of Directors	157,000	586,200
Dr. Asim Aijaz Khawaja	Travelling and Accommodation	Member of Board of Directors	20,184	-

27 NUMBER OF EMPLOYEES

The average and total number of employees during the period ended 30 June 2021 and 30 June 2020 are as follows:

	2021	2020
Average number of employees	152	121

28 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:

Reclassified from	Reclassified to	Note	Rupees
Grant receivables	Contract assets	14	3,911,914

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 04 OCT 2021 by the Board of Directors of the Company.

Chief Executive

Director

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