KPMG Taseer Hadi & Co.
Chartered Accountants

Public Interest Law Association of Pakistan

Financial Statements
For the year ended 30 June 2020

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent Auditor's report to the members of Public Interest Law Association of Pakistan

Opinion

We have audited the financial statements of **Public Interest Law Association of Pakistan** ("the Association"), which comprise the statement of financial position as at 30 June 2020, and the income and expenditure account, the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in all material respects in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association'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 Association to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Date: 30 December 2020

Karachi

Public Interest Law Association of Pakistan
Statement of Financial Position
As at 30 June 2020

	Note	2020	2019
		(Rupees)	
ASSETS			
Non-current assets			
Equipments	5	-	15,626
		-	15,626
Current assets			
Subscription fees receivable		**1,000**	538,200
Loan to an employee	6	**17,000**	47,000
Deposits and prepayments	7	**133,593**	127,000
Cash and bank balance	8	**351,310**	218,180
		502,903	930,380
Total assets		**502,903**	946,006
CURRENT LIABILITIES			
Accruals and other payables	9	**547,913**	139,774
Loans from members	10	-	800,000
Total liabilities		**547,913**	939,774
NET ASSETS		**(45,010)**	6,232
REPRESENTED BY:			
Accumulated fund		**(45,010)**	6,232
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 18 form an integral part of these financial statements.

Chairman and Executive Committee Member

Chief Executive Officer and Executive Committee Member

Vice Chairman and Executive Committee Member

Public Interest Law Association of Pakistan

Income and Expenditure Account

For the year ended 30 June 2020

	Note	2020	2019
		(Rupees)	
Income			
Members' subscription		**1,101,946**	980,542
Donations		**2,458,000**	2,420,000
Total Income		**3,559,946**	3,400,542
Expenditure			
Salaries, wages and benefits	12	**2,323,427**	1,922,489
Entertainment		**4,925**	5,185
Travelling and conveyance		**102,088**	197,311
Communication		**55,050**	70,001
Repair and maintenance		**126,413**	127,846
Printing and stationery		**9,980**	24,375
Depreciation	5	**15,626**	40,278
Auditors' remuneration	13	**35,000**	35,000
Utilities		**97,316**	89,543
Legal and professional		**178,000**	85,000
Advertisement		**5,893**	3,367
Rent	3.1	**623,700**	562,500
Donations		**-**	200,000
Miscellaneous expenses		**33,770**	66,812
Total expenditure		**3,611,188**	3,429,707
Deficit for the year before taxation		**(51,242)**	(29,165)
Taxation	14	-	-
Deficit for the year		**(51,242)**	(29,165)

The annexed notes 1 to 18 form an integral part of these financial statements.

Chairman and Executive Committee Member

Chief Executive Officer and Executive Committee Member

Vice Chairman and Executive Committee Member

Public Interest Law Association of Pakistan

Statement of Comprehensive Income

For the year ended 30 June 2020

	2020	2019
	(Rupees)	
Deficit for the year	**(51,242)**	(29,165)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(51,242)**	(29,165)

The annexed notes 1 to 18 form an integral part of these financial statements.

Chairman and Executive Committee Member

Chief Executive Officer and Executive Committee Member

Vice Chairman and Executive Committee Member

Public Interest Law Association of Pakistan
Statement of Changes in Accumulated Fund
For the year ended 30 June 2020

	(Rupees)
Balance as at 1 July 2018	35,397
Total comprehensive loss for the year	
Deficit for the year	(29,165)
Other comprehensive income	-
Total comprehensive income	(29,165)
Balance as at 30 June 2019	6,232
Total comprehensive loss for the year	
Deficit for the year	(51,242)
Other comprehensive income	-
Total comprehensive income	(51,242)
Balance as at 30 June 2020	**(45,010)**

The annexed notes 1 to 18 form an integral part of these financial statements.

Chairman and Executive Committee Member	**Chief Executive Officer and Executive Committee Member**	**Vice Chairman and Executive Committee Member**

Public Interest Law Association of Pakistan

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020	2019
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		**(51,242)**	(29,165)
Adjustments for:			
Depreciation	5	**15,626**	40,278
Loans from members converted to donations		**(800,000)**	-
Deficit before working capital changes		**(835,616)**	11,113
Working capital changes			
Decrease / (increase) in current assets			
Subscription fees		**537,200**	(538,200)
Deposits and prepayments		**(6,593)**	-
Loan repaid by an employee		**30,000**	-
		560,607	(538,200)
Increase in current liabilities			
Accruals and other payables		**408,139**	101,958
Net cash flows from operating activities		**133,130**	(425,129)
Net increase / (decrease) in cash and cash equivalents		**133,130**	(425,129)
Cash and cash equivalents at beginning of the year		**218,180**	643,309
Cash and cash equivalents at end of the year	8	**351,310**	218,180

The annexed notes 1 to 18 form an integral part of these financial statements.

Chairman and Executive Committee Member	**Chief Executive Officer and Executive Committee Member**	**Vice Chairman and Executive Committee Member**

1. LEGAL STATUS AND ACTIVITIES

1.1 Public Interest Law Association of Pakistan (hereinafter called "the Association") was registered under the Societies Registration Act, 1860 on February 1, 2011. The Association operates as an independent, voluntary, non-profit organization approved by the Federal Board of Revenue under Section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rules 212 and 220 of the Income Tax Rules, 2002. The registered office of the Association is situated at plot # 18-C, 2nd floor, office no. 202, Zamzama Commercial Lane no. 2, Phase 5, DHA, Karachi.

The mission of the Association is to protect and promote the fundamental rights of the citizens of Pakistan. It does this through a three pronged strategy, starting with research, followed by advocacy and finally if no results appear pursue public interest litigation. Public interest is a very wide subject and some of the areas where the Association is involved in include lack of quality education, out of school kids, water pollution, protecting heritage structures, protecting trees, improving access to justice, enhancing use and awareness of right to Information law, disaster management in case of nuclear disaster, etc.

1.2 A novel strain of coronavirus (COVID -19) was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various businesses. However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. As per the initial assessment by the management, the Association is not likely to have an impact as principal activity of the Association was ongoing even during the period in which business activities were suspended.

1.3 The Association has been incurring losses for the past three years and the liabilities exceeded its assets by Rs. 45,010 as at 30 June 2020. However, these financial statements have been prepared on a going concern basis in view of the resolution of the Executive Committee to provide continued financial support to the Association in the shape of grant, donations, etc.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRSs) as notified by Securities and Exchange Commission of Pakistan (SECP).

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional currency of the Association. All amounts have been rounded to the nearest rupees unless otherwise indicated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent 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 the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Association's accounting polices, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

- Equipments (notes 4.1 and 5),
- Taxation (note 4.9), and
- Impairment of financial and non-financial assets (notes 4.3 and 4.4).

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to published approved accounting standards adopted by the Association

The Company has adopted IFRS 16 'Leases' from 1 July 2019 which is effective for annual periods beginning on or after 01 January 2019. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, "Determining whether an Arrangement contains a Lease", SIC-15, "Operating Leases - Incentive", and SIC-27, "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

However, based on Association's current business plans, the management estimates that lease term of its existing rented premises will be less than a year and that the current rental agreement with the lessor will not be renewed further. Accordingly, the Association has applied short term lease exemption available to it under IFRS-16 and recorded rental expense in the income and expenditure account.

Except for the above, there are certain other new and amended standards, interpretations and amendments that are mandatory for the Associaton's accounting periods beginning on or after 1 July 2019 but are considered not to be relevant or do not have any significant effect on the Association's operations and therefore are not detailed in these financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired 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 outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 July 2021, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Association.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

    - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
    - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
    - there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual Improvements to IFRS standards 2018-2020

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented except for the change method in note 3.1 above.

4.1 Equipments

These are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is charged using the straight line method in accordance with the rates specified in note 5 to these financial statements and after taking into account any residual values, if significant. Depreciation is charged on additions from the date the asset becomes available for use while no depreciation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the assets will flow to the Association and the costs of the items can be measured reliably.

Gains and losses on disposals of assets, if any, are included in the income and expenditure account in the period of disposal.

Repairs and maintenance expenses are charged to the income and expenditure account in the period in which these are incurred.

4.2 Financial assets

Financial assets are initially recognised at the time when the Association becomes a party to the contractual provision of the instrument.

Financial assets currently comprising of the assets 'measured at amortised cost', are initially measured at fair value plus, transaction costs that are directly attributable to its acquisition. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all risks and rewards of ownership.

4.3 Impairment of financial assets

The Association recognises loss allowances for Expected Credit Loss (ECLs) in respect of financial assets measured at amortised cost.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are recognised in the income and expenditure account.

The gross carrying amount of a financial asset is written off when the Association has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4.4 Impairment of non - financial assets

The carrying amount of the Associations's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such an evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of the value in use and fair value less cost to sell. Impairment losses are recognized in the income and expenditure account.

4.5 Financial liabilities

Financial liabilities consist of accruals and other payables and are initially recognised at the time when the Association becomes party to the contractual provisions of the instruments. All financial liabilities are recognised initially at fair value plus directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest rate method, where applicable. The Association derecognises the financial liabilities when they are extinguished, that is, when the obligation referred in the contract is discharged, cancelled or have expired. Gain or loss on derecognition is recognised in the income and expenditure account.

4.6 Contributions to a voluntary pension scheme

Equal contributions are made by the Association and employees to NAFA Pension Fund at the rate of 10% of basic salaries of employees of the Association (Association's contribution plan for its employees).

4.7 Accrued expenses

These are carried at cost which is the fair value of the consideration to be paid for the goods and services.

4.8 Revenue recognition

Subscription fees is measured based on the consideration specified in the rules of the Association. The Association receives annual subscription fees and lifetime membership fees from its members. Annual membership fees including annual membership fees of lifetime members is recognised over the time on a straight-line basis. The portion of membership fees relating to the future periods is determined and classified as unearned subscription fees in the statement of financial position. However, the lifetime members are required to make one-time payment which is recognised upfront in the income and expenditure account.

Above income is recognised when the collection of consideration is probable. Furthermore, subscription revenue of Rs. 2.28 million has not been recognised in view of uncertaintly of its recoverability.

Donation income is recognised on a receipt basis in view of the uncertainty of its realisation.

4.9 Taxation

The Association has been approved as a non-profit organization under section 2(36)(c) of the Income Tax Ordinance, 2001. The Association has incurred deficit for the year and the provisions of minimum tax under section 113 are not applicable to the Association as per clause 11A of Part IV to the second schedule of the Income Tax Ordinance, 2001. Accordingly, no charge for taxation has been recorded in these financial statements.

5 EQUIPMENTS

	2020						
	Cost		**Depreciation**			**Written down value as at 30 June 2020**	**Rate**
	As at 01 July 2019	**As at 30 June 2020**	**As at 01 July 2019**	**For the year**	**As at 30 June 2020**		
	(Rupees)						**%**
Furniture and fixture	**213,450**	**213,450**	**213,040**	**410**	**213,450**	**-**	**33.33**
Vehicle	**46,000**	**46,000**	**46,000**	**-**	**46,000**	**-**	**33.33**
Office equipment	**36,000**	**36,000**	**30,378**	**5,622**	**36,000**	**-**	**33.33**
Computer equipment	**127,316**	**127,316**	**117,722**	**9,594**	**127,316**	**-**	**33.33**
	422,766	**422,766**	**407,140**	**15,626**	**422,766**	**-**	

Cost of above assets include cost of operating assets of Rs. 422,766 (2019: Rs. 323,466) having net book value of Nil at the reporting date which are still in use.

	2019						
	Cost		Depreciation			Written down value as at 30 June 2019	Rate
	As at 01 July 2018	As at 30 June 2019	As at 01 July 2018	For the year	As at 30 June 2019		
	(Rupees)						%
Furniture and fixture	213,450	213,450	211,373	1,667	213,040	410	33.33
Vehicle	46,000	46,000	42,551	3,449	46,000	-	33.33
Office equipment	36,000	36,000	21,345	9,033	30,378	5,622	33.33
Computer equipment	127,316	127,316	91,593	26,129	117,722	9,594	33.33
	422,766	422,766	366,862	40,278	407,140	15,626	

6 LOAN TO AN EMPLOYEE

It consists of interest-free and unsecured loan to an employee of the Association.

7 DEPOSITS AND PREPAYMENTS

	Note	**2020**	2019
		(Rupees)	
Security deposit for rental premises		**125,500**	125,500
Prepayment		**6,593**	-
Others		**1,500**	1,500
		133,593	127,000

8 CASH AND BANK BALANCE

Cash in hand		**4,946**	18,585
Current account with bank		**346,364**	199,595
		351,310	218,180

9 ACCRUALS AND OTHER PAYABLES

Accrued expenses		**1,760**	6,116
Unearned members' subscription		**184,712**	98,658
Auditor's remuneration		**35,000**	35,000
Salary payable		**69,041**	-
Bonus payable	*12*	**148,500**	-
Rent payable		**108,900**	-
		547,913	139,774

10 LOANS FROM MEMBERS

During the year, the loans from members outstanding as at 30 June 2019 were converted into donations with the approval of executive committee of the Associa

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding at the year end.

12 SALARIES, WAGES AND BENEFITS

This includes contribution to voluntary pension scheme managed by a mutual fund and bonus to employees amounting to Rs. 114,960 (2019: Rs. 104,510) and Rs 148,500 (2019: Rs. Nil) respectively.

13 AUDITORS' REMUNERATION

Audit fees	**30,000**	30,000
Out of pocket expenses	**5,000**	5,000
	35,000	35,000

14 TAXATION

The Association has been approved as a non-profit organization under section 2(36)(c) of the Income Tax Ordinance, 2001. The Association has incurred deficit for the year and the provisions of minimum tax under section 113 are not applicable to the Association as per clause 11A of Part IV to the second schedule of the Income Tax Ordinance, 2001. Accordingly, no charge for taxation has been recorded in these financial statements.

15 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties consist of the members of executive committee of the Association. Transactions and balances with related parties other than those disclosed elsewhere in these financial statements, carried out at the agreed rates, are as follows:

15.1 Details of balance with related parties at the year end

Unearned members' subscription	**57,041**	47,342
Loan balance	**-**	500,000

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15.2 Details of transactions with related parties during the year

	2020	2019
	(Rupees)	
Members' subscription	**160,301**	152,658
Donations	**920,000**	685,000
Loan converted to donation during the year	**500,000**	-

16 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Introduction and overview

The Association has exposure to the following risks from financial instruments:

- credit risk (refer note 16.1)
- liquidity risk (refer note 16.2)

The Association is not expected to interest rate risk.

Risk management framework

The executive committee of the Association has overall responsibility for the establishment and oversight of the Association's risk management framework.

16.1 Credit risk

Credit risk is the risk of financial loss to the Association if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from bank balance, loan to an employee and security deposit.

Exposure to credit risk

The maximum exposure to credit risk as at 30 June 2020 was as follows:

	2020		2019	
	Balance as per the statement of financial position	**Maximum Exposure**	Balance as per the statement of financial position	Maximum Exposure
	(Rupees)		(Rupees)	
Subscription fees receivable	**1,000**	**1,000**	538,200	538,200
Loan to an employee	**17,000**	**17,000**	47,000	47,000
Bank balance	**346,364**	**346,364**	199,595	199,595
Security deposits	**127,000**	**127,000**	127,000	127,000
	491,364	**491,364**	911,795	911,795

Bank balance

The Association held bank balance at 30 June 2020 with a bank with the following credit rating:

Rating	2020	2019	2020	2019
	(Rupees)		(%)	
A1+	**346,364**	199,595	**100.00**	100.00

Above rating is on the basis of available rating assigned by PACRA.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Association's total credit exposure.

Details of Association's concentration of credit risk of financial instruments by industrial distribution are as follows:

	2020		2019	
	(Rupees)	**(%)**	(Rupees)	(%)
Commercial bank	**346,364**	**70.49**	199,595	21.89
Others*	**145,000**	**29.51**	712,200	78.11
	491,364	**100.00**	911,795	100.00

* Others includes subscription receivable from members amounting to Rs. 1,000 (2019: Rs. 538,200), security deposit amounting to Rs. 125,500 given to an indvidual against rented office premises (2019: Rs. 125,500) and loan to an employee amounting Rs. 17,000 (2019: Rs. 47,000).

Past due and impaired assets and collaterals held

None of the financial assets of the Association are past due or impaired as at 30 June 2020.

16.2 Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Association's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

In addition, the Association is entitled to borrow, with prior approval of executive committee for liquidity requirements. No such borrowings were made during the year.

Maturity analysis for financial liabilities

Following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

	2020	
	Contractual cash flows	
	Carrying amount	**On demand**
	(Rupees)	
Non-derivative financial liabilities		
Accruals and other payables	**363,201**	**363,201**

	2019	
	Contractual cash flows	
	Carrying amount	On demand
	(Rupees)	
Non-derivative financial liabilities		
Accruals and other payables	41,116	41,116
Loan from members	800,000	800,000
	841,116	841,116

Above financial liabilities do not carry any mark-up.

16.3 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Association to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	2020				
	Carrying amount				Fair value
On-balance sheet financial instruments	**At fair value through profit or loss**	**At amortized cost**	**Other financial liabilities**	**Total**	
	(Rupees)				
Financial assets not measured at fair value note 16.3.1					
Subscription fees receivable		**1,000**		**1,000**	
Loan to an employee	-	**17,000**	-	**17,000**	-
Security deposits	-	**127,000**	-	**127,000**	-
Cash and bank balance	-	**351,310**	-	**351,310**	-
	-	**496,310**	-	**496,310**	-
Financial liabilities not measured at fair value note 16.3.1					
Accruals and other payables	-	**363,201**	-	**363,201**	-
	-	**363,201**	-	**363,201**	-

	2019				
	Carrying amount				Fair value
On-balance sheet financial instruments	At fair value through profit or loss	At amortized cost	Other financial liabilities	Total	
	(Rupees)				
Financial assets not measured at fair value note 16.3.1					
Subscription fees receivable		538,200		538,200	
Loan to an employee	-	47,000	-	47,000	-
Deposits	-	127,000	-	127,000	-
Cash and bank balance	-	218,180	-	218,180	-
	-	930,380	-	930,380	-
Financial liabilities not measured at fair value note 16.3.1					
Loans from members	-	-	800,000	800,000	-
Accruals and other payables	-	-	41,116	41,116	-
	-	-	841,116	841,116	-

16.3.1 The Association has not disclosed the fair values for these financial assets and financial liabilities as these are short term in nature. Therefore, their carrying amounts are reasonable approximation of fair values.

17 NUMBER OF EMPLOYEES

	2020	2019
Employees as at June 30	**3**	2
Average number of employees during the year	**2**	2

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18 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 11.12.2020 by the Executive Committee of the Association.

Chairman and Executive Committee Member	**Chief Executive Officer and Executive Committee Member**	**Vice Chairman and Executive Committee Member**