PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non-current assets			
Property and equipment	3	**2,157,708**	5,227,461
Right of use asset	4	**12,380,208**	17,292,440
Financial assets at amortised cost - Long-term	5	**74,033,230**	14,581,240
Security deposits	6	**1,540,470**	1,540,470
		90,111,616	38,641,611
Current assets			
Receivables	7	**7,570,582**	5,113,121
Short-term prepayments and advances	8	**326,047**	287,505
Financial assets at amortised cost - Short-term	9	**57,727,325**	66,735,057
Tax refunds due from Government	10	**5,255,554**	12,246,937
Cash and bank balances	11	**3,572,211**	10,699,626
		74,451,719	95,082,246
Total assets		**164,563,335**	133,723,857
FUND BALANCE & LIABILITIES			
Fund balance			
Accumulated fund		**130,628,438**	105,606,404
Non-current liabilities			
Lease liability	12	**7,602,401**	10,200,712
Current liabilities			
Fees in advance	13	**11,661,899**	9,721,397
Current portion of lease liability	12	**5,475,914**	5,819,798
Other payables		**2,371,761**	1,568,590
Accrued expenses		**6,822,922**	806,956
		26,332,496	17,916,741
CONTINGENCIES AND COMMITMENTS	14		
Total Fund Balance and Liabilities		**164,563,335**	133,723,857

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Revenue from services	15	**81,405,475**	52,604,385
EXPENDITURE			
Salaries, allowances and benefits		**37,217,406**	27,142,502
Professional service fee	16	**15,760,293**	11,818,000
Depreciation on property and equipment		**543,754**	1,135,821
Depreciation on right of use asset		**4,912,232**	4,323,110
Travelling and conveyance		**538,986**	953,641
Utilities		**1,360,026**	1,049,605
Printing and stationery		**434,533**	1,038,848
Insurance		**155,610**	229,313
Repair and maintenance		**987,208**	1,033,866
Provision for expected credit losses		**1,390,434**	952,625
Conference cost		**-**	974,725
Other expenditure	17	**1,445,310**	2,667,390
		64,745,792	53,319,446
Operating surplus / (deficit)		**16,659,683**	(715,061)
Other income	18	**10,502,397**	11,043,470
Finance cost		**(2,140,046)**	(2,246,250)
Surplus for the year		**25,022,034**	8,082,160
Other comprehensive income		**-**	-
Total comprehensive income		**25,022,034**	8,082,160

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive** **Director**

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

	Accumulated Fund Rupees
Balance as at July 01, 2019	97,524,244
Total comprehensive income for the year ended June 30, 2020	8,082,160
Balance at June 30, 2020	105,606,404
Total comprehensive income for the year ended June 30, 2021	25,022,034
Balance at June 30, 2021	**130,628,438**

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive | Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		**25,022,034**	8,082,160
Adjustment for:			
Return on bank balances and investments		**(10,502,396)**	(11,070,009)
Depreciation		**543,754**	1,135,821
Depreciation on lease		**4,912,232**	4,323,110
Interest cost on lease		**2,140,046**	2,240,559
Gain on disposal of fixed asset		**(424,116)**	26,539
Expected credit loss		**1,390,434**	952,625
Surplus before working capital changes		**23,081,988**	5,690,805
Decrease / (increase) in current assets:			
Receivables		**(3,847,895)**	5,410,572
Short term prepayments and advances		**(38,542)**	1,115,424
		(3,886,437)	6,525,996
(Decrease) / Increase in current liabilities:			
Fees in advance		**1,940,502**	3,871,064
Accrued expenses		**6,015,966**	(5,214,788)
Other payables		**803,171**	(617,755)
		8,759,639	(1,961,479)
Cash generated from operating operations		**27,955,190**	10,255,322
Withholding tax paid		**6,991,386**	(1,001,978)
Net cash generated from operating activities		**34,946,576**	9,253,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(449,885)**	(4,123,232)
Proceeds from maturity of short-term investments		**7,946,943**	8,733,334
Purchase of PIB's		**(67,380,389)**	(5,922,003)
Proceeds from disposal of operating fixed asset		**3,400,000**	29,900
Return on bank balances and investments received		**10,483,849**	10,916,819
Net cash (used in) / generated from investing activities		**(45,999,482)**	9,634,818
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		**(5,082,241)**	(7,835,598)
Net cash used in financing activities		**(5,082,241)**	(7,835,598)
Net (decrease) / increase in cash and cash equivalents		**(16,135,147)**	11,052,564
Cash and cash equivalents at beginning of the year		**77,434,683**	66,382,119
Cash and cash equivalents at end of the year	19	**61,299,536**	77,434,683

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive** **Director**

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. THE INSTITUTE AND ITS OPERATIONS

1.1 Pakistan Institute of Corporate Governance (the Institute) was incorporated in Pakistan as a Company Limited by Guarantee without share capital on December 01, 2004 under Section 42 of the repealed Companies Ordinance, 1984 (now section 42 of the Companies Act, 2017). Its members include 97 (June 30, 2020: 94) corporates, 41 (June 30, 2020: 27) individual and the following founding members:

- Securities & Exchange Commission of Pakistan
- The State Bank of Pakistan
- The Pakistan Stock Exchange Limited
- Institute of Business Administration
- Lahore University of Management Sciences
- Institute of Chartered Accountants of Pakistan
- Institute of Corporate Secretaries of Pakistan
- Institute of Cost and Management Accountants of Pakistan
- Overseas Investors Chamber of Commerce and Industry
- Federation of Pakistan Chambers of Commerce and Industry
- Insurance Association of Pakistan
- Mutual Funds Association of Pakistan
- Pakistan Banks' Association

1.2 The main objective of the Institute is to promote awareness of corporate governance and encourage compliance with good corporate governance practices by corporate bodies and professionals. In this regard, the Institute also conducts Directors' Training Program based on a standard curricula for which the Institute has arrangements with foreign organisations.

1.3 The registered office of the Institute is situated at Office Suite 316, "The Forum", Clifton, Karachi, Pakistan.

2 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 consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

2.1.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

2.1.2 These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies notes

2.1.3 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.1.4 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Institute's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Institute's operations and therefore not detailed in these financial statements.

2.1.5 Standards, Amendments and Interpretations to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023

The above standards and amendments are not expected to have any material impact on the Institute's financial statements in the period of initial application.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

2.2 Summary of new accounting policies

Set out below are the new accounting policies of the Institute upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Institute recognises right-of-use assets at the 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 liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Institute 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 using straight line method. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Institute recognises 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. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Institute and payments of penalties for terminating a lease, if the lease term reflects the Institute exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Institute uses the incremental borrowing rate at the initial application date if the interest rate implicit in the lease is not readily determinable. 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.

Short-term leases and leases of low-value assets

The Institute 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 recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Institute 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.

2.3 Accounting policies

2.3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value, if any. Depreciation on office equipment is charged using the straight-line method, whereby the cost of an asset less estimated residual value, if not insignificant, is written off over its estimated remaining useful life. Depreciation on furniture and fixtures and vehicles is charged using the reducing balance method. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

On all additions, depreciation is charged from the month in which addition / capitalisation occurs. Similarly, no depreciation is charged in the month in which an asset is disposed of.

Maintenance and repairs are charged to expenditure as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic lives or the performance beyond the current estimated levels are capaitalised and the assets so replaced, if any, are retired.

Gain or losses on disposal of assets, if any, are recognised in the period in which they are incurred.

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to the recoverable amount.

2.3.2 Receivables from members

Receivables are stated at invoice value less provision for uncollectible amounts. Provision for doubtful debts is based on management's assessment of member's credit worthiness. Bad debts are written-off when there is no realistic prospect of recovery.

2.3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cashflows, cash and cash equivalents comprise cash in hand, balances with banks and short term financial assets with original maturities of three months or less.

2.3.4 Trade and other payables

Trade and other payables are carried at fair value of the consideration to be paid for goods and services. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

2.3.5 Provisions

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

2.3.5 Financial Instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Institute classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL");
- at fair value through other comprehensive income ("FVTOCI"); or
- at amortised cost.

The Institute determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Institute's business model for managing the financial assets and their contractual 'cash flow characteristics'.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL

Classification of financial liabilities

The Institute classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be 'measured at FVTPL (such as instruments held for trading or derivatives) or the Institute has opted to measure them at FVTPL.

Subsequent measurement

i) **Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ii) **Financial assets and liabilities at amortised cost**

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income and expenditure statement. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the income and expenditure statement in the period in which they arise.

Impairment of financial asset

The Institute recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to be short term in nature or to have low or there was no increase in credit risk since initial recognition as at the reporting date.

- bank balances
- receivable from members
- other receivables

Loss allowance for receivable from members and other receivables are generally measured using 12 months ECL, since the credit risk is considered to be low.

The Institute considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

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

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL.

Derecognition

i) Financial assets

The Institute derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised as gain / (loss). In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to income and expenditure statement. In contrast, on derecognition of an investment in equity instrument which the Institute has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to income and expenditure statement, but is transferred to statement of changes in fund balance.

ii) Financial liabilities

The Institute derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the income and expenditure statement.

2.3.6 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Institute intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.3.7 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the statement of financial position date. Foreign currency transactions are recorded using the rates of exchange prevailing at the date of transaction. Exchange gains and losses on translation are included in the income and expenditure statement

2.3.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is recognised as follows:

Revenue from services

- Entrance fee from new members is recognised as revenue when no significant uncertainty as to its collectability exists.
- Subscription fees is recognised on an accrual basis.
- Income from advisory is recognised upon rendering of services
- Income from courses is recognised upon rendering of services.
- Income from databank is recognised on receipt basis.
- Income from conferences is recognised on receipt basis.
- Other revenue is recognised on an accrual basis.

Returns on financial assets

Return on financial assets are recognised on an accrual basis using effective rate of interest.

2.3.9 Income Taxes

The Institute is exempt from Income Taxes under the Income Tax Ordinance, 2001 and therefore has made no provision for income taxes in the financial statement.

3. PROPERTY AND EQUIPMENT

	Cost				Accumulated depreciation				Net book value as at June 30, 2021	Rate
	As at July 01, 2020	Additions	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year	On disposals	As at June 30, 2021		
	Rupees									%
Vehicles	3,694,200	-	3,694,200	-	615,700	102,617	(718,317)	-	-	20%
Office equipment	2,071,747	408,000	-	2,479,747	1,816,398	153,954	-	1,970,352	509,395	30%
Furniture and fixtures	5,355,581	41,885	-	5,397,466	3,461,969	287,184	-	3,749,153	1,648,313	15%
2021	11,121,528	449,885	3,694,200	7,877,213	5,894,067	543,755	(718,317)	5,719,505	2,157,708	

	Cost				Accumulated depreciation				Net book value as at June 30, 2020	Rate
	As at July 01, 2019	Additions	Disposals	As at June 30, 2020	As at July 01, 2019	Charge for the year	On disposals	As at June 30, 2020		
	Rupees									%
Vehicles	-	3,694,200	-	3,694,200	-	615,700	-	615,700	3,078,500	20%
Office equipment	1,929,292	142,455	-	2,071,747	1,616,355	200,043	-	1,816,398	255,349	30%
Furniture and fixtures	5,259,319	286,577	(190,315)	5,355,581	3,275,767	320,078	(133,876)	3,461,969	1,893,612	15%
2020	7,188,611	4,123,232	(190,315)	11,121,528	4,892,122	1,135,821	(133,876)	5,894,067	5,227,461	

4. RIGHT OF USE ASSETS	Note	2021 Rupees	2020 Rupees
Cost:			
At 01 July		**21,615,550**	21,615,550
At 30 June		**17,292,440**	21,615,550
Accumulated depreciation:			
At 01 July		**4,323,110**	-
Charge for the year		**4,912,232**	4,323,110
At 30 June		**9,235,342**	4,323,110
Net carrying amounts as at 30 June		**12,380,208**	17,292,440

5. FINANCIAL ASSETS AT AMORTISED COST - LONG-TERM

Pakistan Investment Bonds	5.1	**74,033,230**	14,581,240

5.1 These carry profit yield @ 7.00% - 9.00% per annum (June 30, 2020: 7.25% - 9.00% per annum) payable at three / six month interval and are carried at amortised cost maturing on September 19, 2022, June 19, 2023, August 20, 2023 and October 22, 2023.

5.2 These instruments are held by the Institute's banker on behalf of the Institute.

6. LONG TERM SECURITY DEPOSITS

These represent security deposits paid to The Forum in accordance with the Rental agreements for office suites 315 and 316.

7. RECEIVABLES - UNSECURED	Note	2021 Rupees	2020 Rupees
Receivable from members			
Annual subscription		**1,417,250**	652,500
Director's Training Program		**1,092,000**	819,000
Fee from specialised workshops and others		**1,546,220**	1,162,595
Entrance fee		**325,500**	-
		4,380,970	2,634,095
Other receivables		**5,532,671**	3,431,651
		9,913,641	6,065,746
Less: Provision for expected credit losses		**(2,343,059)**	(952,625)
		7,570,582	5,113,121

The age analysis of receivable from members is as follows:

Not yet due (1 to 30 days)	**1,484,375**	285,600
Past due but not yet impaired		
- 31 to 60 days	**134,400**	-
- 61 to 90 days	**276,000**	273,000
- 91 to 120 days	**-**	273,000
- older than 120 days	**2,486,195**	1,802,495
	4,380,970	2,634,095

8. SHORT-TERM PREPAYMENTS AND ADVANCES

Prepaid insurance	**17,843**	45,734
Other prepayments	**258,204**	241,771
Advance against expenses	**50,000**	-
	326,047	287,505

9. FINANCIAL ASSETS AT AMORTISED COST - SHORT-TERM	Note	2021 Rupees	2020 Rupees
Pakistan Investment Bonds		**8,435,517**	-
Market treasury bills	9.1	**49,291,808**	66,735,057
		57,727,325	66,735,057

9.1 These carry interest rate of 7.67% (June 30, 2020: 8.09% - 13.02%) per annum for T-Bills and 7.25% for PIB. These securities have an aggregate face value of Rs.58.6 million (June 30, 2019: Rs.70 million) and are carried at amortised cost maturing on September 09, 2021 and July 12, 2021.

9.2 These instruments are held by the Institute's banker on behalf of the Institute.

10. TAX REFUNDS DUE FROM GOVERNMENT	Note	2021 Rupees	2020 Rupees
Tax deducted at source	10.1	**5,255,554**	12,246,937

10.1 This represents refundable withholding tax deducted from payments made to the Institute. The Institute is in the process of recovering the said balance from the authorities. In this period, the Institute has recovered Rs. 8,823,892.

11. CASH AND BANK BALANCES	Note	2021 Rupees	2020 Rupees
Cash in hand		**40,000**	40,000
Cash at bank :			
- saving account	11.1	**3,532,211**	10,659,626
		3,572,211	10,699,626

11.1 Represents savings account with a commercial bank carrying profit of 5.5% per annum (2020: 6.5% per annum).

12. LEASE LIABILITIES	2021 Rupees	2020 Rupees
At the beginning of the year	**16,020,510**	21,615,550
Borrowing cost	**2,140,046**	2,240,558
Payments	**(5,082,241)**	(7,835,598)
As at June 30, 2021	**13,078,315**	16,020,510
Non-current portion of lease liability	**7,602,401**	10,200,712
Current portion of lease liability	**5,475,914**	5,819,798
	13,078,315	16,020,510

13. FEES IN ADVANCE

Annual Subscription Fee	**1,511,000**	645,000
Board evaluation fee	**6,989,374**	7,093,960
Advance fee for Directors' Training Program	**2,176,019**	1,899,769
Others	**985,506**	82,668
	11,661,899	9,721,397

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

15. REVENUE FROM SERVICES	Note	2021 Rupees	2020 Rupees
Entrance fee from members		**2,430,000**	780,000
Annual subscription and application fee		**16,805,000**	8,952,496
Fee from Director's Training Program		**44,967,235**	29,854,832
Fee from specialized workshops		**5,892,423**	7,456,947
Advisory services for board evaluation	15.1	**10,861,701**	3,599,480
Sale of publication		**25,000**	244,000
Conference fee		**-**	1,716,630
Gain on disposal of fixed assets		**424,116**	-
		81,405,475	52,604,385

15.1 This mainly includes fee against Board evaluations performed for various corporate entities.

16. PROFESSIONAL SERVICE FEE	2021 Rupees	2020 Rupees
Director's Training Program	**10,120,000**	8,920,000
Specialised workshops	**2,625,000**	2,680,000
Search for CEO	**1,356,000**	-
PCP certification	**398,700**	-
Professional fee for tax	**292,880**	-
Others	**967,713**	218,000
	15,760,293	11,818,000

17. OTHER EXPENDITURE

Marketing and advertisement	**262,473**	116,700
Publication expenses	**366,785**	388,948
Resource development	**-**	-
Boarding and lodging	**-**	818,846
Canteen supplies	**89,894**	759,229
Membership fees	**286,274**	224,262
Loss on disposal of fixed assets	**-**	26,539
Others	**439,884**	359,405
	1,445,310	2,693,929

18. OTHER INCOME

Return / interest on:		
- Profit / loss saving account	**823,672**	2,658,991
- Market Treasury bills	**5,760,531**	6,483,536
- Pakistan Investment Bonds	**3,918,194**	1,927,482
	10,502,397	11,070,009

19. CASH AND CASH EQUIVALENTS

Cash and bank balances	**3,572,211**	10,699,626
Short term investments	**57,727,325**	66,735,057
	61,299,536	77,434,683

20. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transaction	2021 Rupees	2020 Rupees
Key management employees compensation	Salaries and other employee benefits	**20,996,184**	13,697,357

20.1 Key management personnel includes Chief Executive Officer (Mr. Ahsan Jamil) and Chief Financial Officer (Mr. Sajid Siddiqui).

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Financial assets and liabilities

		Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
		---------- Rupees ----------						
Financial Assets								
Financial assets at amortised cost		**57,727,325**	**74,033,230**	**131,760,555**	**-**	**-**	**-**	**131,760,555**
Long-term security deposits		**-**	**-**	**-**	**-**	**1,540,470**	**1,540,470**	**1,540,470**
Receivable from members		**-**	**-**	**-**	**7,570,582**	**-**	**7,570,582**	**7,570,582**
Other receivables		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash and bank balances		**3,532,211**		**3,532,211**	**-**	**-**	**-**	**3,532,211**
	2021	**61,259,536**	**74,033,230**	**135,292,766**	**7,570,582**	**1,540,470**	**9,111,052**	**144,403,818**
	2020	77,394,683	14,581,240	91,975,923	5,113,121	1,540,470	6,653,591	98,629,514
Financial Liabilities								
Lease liability		5,475,914	7,602,401	13,078,315	-	-	-	13,078,315
Accrued expenses		-	-	-	1,938,372	-	1,938,372	1,938,372
Other payables		-	-	-	2,371,761	-	2,371,761	2,371,761
	2021	5,475,914	7,602,401	13,078,315	4,310,133	-	4,310,133	17,388,448
	2020	5,819,798	10,200,712	16,020,510	2,375,546	-	2,375,546	18,396,056

21.2 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As per the requirements of the IFRS 13, the Institute shall 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 (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

Currently, the Institute does not hold any assets which are either being carried or disclosed at fair value.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Market Risk

(i) 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. As at June 30, 2020 the Institute does not have any financial instrument that is denominated in foreign currency and as such has no exposure to currency risk.

(ii) Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest. The Institute does not have any short and long term borrowings from banks and is exposed to interest rate risk on its short term investments and bank balances. At the balance sheet date, the interest rate risk profile of the Institute's interest bearing financial instruments is:

	2021 Rupees	2020 Rupees
Profit bearing financial instruments		
Bank balance - profit / loss savings account	**3,532,211**	10,659,626
	3,532,211	10,659,626

Had the interest rate been higher / lower by 100 basis points with all the other variables held constant, interest income on profit / loss savings account for the year would have been higher / lower by Rs. 35,322 (2020: Rs. 106,596).

(iii) Other Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Currently the Institute does not face any risk as none of the financial assets or liabilities face the risk of change in market price.

22.2 Credit risk

Credit risk represents the risk of financial loss being caused if the counter parties fail to discharge an obligation. The Institute's credit risk is primarily attributable to its receivable from members. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of the financial assets excluding cash in hand balance of Rs. 40,000.

The Institute monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as follows:

	2021 Rupees	2020 Rupees
Financial assets at amortised cost	**131,760,555**	81,316,297
Long-term security deposits	**1,540,470**	1,540,470
Receivable from members	**7,570,582**	5,113,121
Other receivables	**-**	-
Cash and bank balances	**3,532,211**	10,659,626
	144,403,818	98,629,514

The credit quality of advances can be assessed with reference to their historical performance with no major defaults in recent history. The credit quality of the Institute's bank balances can be assessed with reference to external credit rating as follows:

		Rating	
Bank	**Rating agency**	**Short term**	**Long term**
Faysal Bank Limited	PACRA	A1+	AA

22.3 Liquidity risk

Liquidity risk reflects the Institute's inability in raising funds to meet obligations associated with financial liabilities.

The Institute manages liquidity risk by maintaining sufficient cash and cash equivalents.

22.4 Capital Risk Management

The Institute's objectives when managing capital are to safeguard the Institute's ability to continue as a going concern and to generate funds to meet the primary objective of the Institute. The capital structure of the Institute consists of a general fund balance raised through operating surplus and income on investments.

23. NUMBER OF EMPLOYEES	2021	2020
23.1 Number of employees at June 30		
- Permanent	8	12
- Contractual	5	-
	13	12
23.2 Average number of employees during the year		
- Permanent	9	13
- Contractual	4	-
	13	13

24. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration to the Chief Executive and Executives of the Institute is as follows:

	Chief Executive		Executives	
	2021	2020	2021	2020
Managerial remuneration	15,338,734	10,712,957	12,355,884	13,017,867
Bonus	2,300,000	-	2,072,383	-
	17,638,734	10,712,957	14,428,267	13,017,867
Number of Persons	1	2	6	6

25. GENERAL

25.1 Figures have been rounded off to the nearest rupee unless otherwise stated.

25.2 Certain prior year's figures have been reclassified for the purpose of comparission. However there were no material reclassifications to report.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Institute in their meeting held on September 9, 2021.

Chief Financial Officer | Chief Executive | Director