

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

[A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984
(NOW SECTION 42 OF THE COMPANIES ACT, 2017)]

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	Note	(Unaudited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment		1,860,406	5,227,461
Right of use asset		14,095,403	17,292,440
Financial assets at amortised cost - Long term	6	43,844,783	14,581,240
Security deposits		1,540,470	1,540,470
		<u>61,341,062</u>	<u>38,641,611</u>
Current assets			
Receivable from members	7	3,507,645	2,007,345
Short-term prepayments and advances		167,619	287,505
Financial assets at amortised cost - Short term	8	77,284,387	66,735,057
Other receivables		3,282,167	3,105,776
Tax refunds due from Government	9	4,330,433	12,246,937
Cash and bank balances		6,331,802	10,699,626
		<u>94,904,053</u>	<u>95,082,246</u>
Total assets		<u><u>156,245,115</u></u>	<u><u>133,723,857</u></u>
FUND BALANCE & LIABILITIES			
Fund Balance			
Accumulated Fund		121,614,112	105,606,404
Non-current Liabilities			
Lease Liability		12,670,411	10,200,712
Current Liabilities			
Fees in advance		16,678,122	9,721,397
Accrued expenses		1,468,721	806,956
Other payables		1,805,631	1,568,590
Current portion of Lease liability		2,008,118	5,819,798
		<u>21,960,592</u>	<u>17,916,741</u>
Total liabilities		<u>34,631,003</u>	<u>28,117,453</u>
Total Fund Balance and Liabilities		<u><u>156,245,115</u></u>	<u><u>133,723,857</u></u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

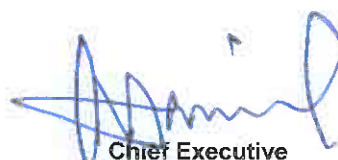
[A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984
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CONDENSED INTERIM INCOME AND EXPENDITURE STATEMENT
FOR NINE MONTHS ENDED MARCH 31, 2021 (UNAUDITED)

	Note	March 31, 2021 Rupees	March 31, 2020 Rupees
INCOME			
Revenue from services	10	54,963,183	40,574,535
EXPENDITURE			
Salaries, allowances and benefits		24,127,107	22,664,756
Professional service fee		12,012,033	9,460,279
Rent			
Depreciation on property, plant and equipment		433,056	823,692
Depreciation on right of use asset		3,197,037	4,140,600
Travelling and conveyance		382,147	946,541
Utilities		840,741	867,009
Printing and stationery		212,773	996,825
Insurance		134,597	198,565
Repair and maintenance		769,371	813,638
Conference cost		-	974,725
Other expenditure	11	1,026,717	2,874,791
Expected credit loss		1,318,315	298,750
		44,453,894	45,060,171
Operating (deficit) / surplus		10,509,289	(4,485,636)
Return on bank balances and investments		7,972,065	8,500,164
Finance cost		(2,473,646)	(2,903,522)
Surplus for the period		16,007,708	1,111,006
Other comprehensive income		-	-
Total comprehensive income		16,007,708	1,111,006

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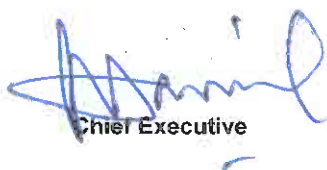
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR NINE MONTHS ENDED MARCH 31, 2021 (UNAUDITED)

	Note	March 31, 2021 Rupees	March 31, 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the period		16,007,708	1,111,006
Adjustment for:			
Return on bank balances and investments		(7,972,065)	(8,500,164)
Depreciation		433,056	823,692
Depreciation on lease		3,197,037	4,140,600
Interest cost on lease		2,469,699	2,898,420
(Gain) / Loss on disposal of operating fixed assets		(424,116)	26,539
Provision for doubtful debts		1,318,315	298,750
Surplus before working capital changes		15,029,634	798,843
(Increase) / decrease in current assets:			
Receivable from members		(2,387,050)	1,119,956
Short term prepayments and advances		119,886	1,172,892
Other receivables		(607,956)	5,043,943
		(2,875,120)	7,336,791
Increase / (decrease) in current liabilities:			
Fees in advance		6,956,725	4,224,064
Accrued expenses		661,765	(4,798,761)
Other payables		237,041	787,755
		7,855,531	213,058
Withholding tax paid		7,916,507	(977,113)
Net cash generated from operating activities		27,926,552	7,371,579
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		(41,885)	(4,123,232)
Proceeds from maturity of short-term investments		7,946,943	8,733,334
Purchase of PIB's		(37,235,414)	(5,922,003)
Proceeds from disposal of operating fixed assets		3,400,000	29,900
Return on bank balances and investments received		7,996,990	8,780,677
Net cash generated from investing activities		(17,933,366)	7,498,676
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment against lease liabilities		(3,811,680)	(6,565,038)
Net cash (used in) / generated from financing activities		(3,811,680)	(6,565,038)
Net increase in cash and cash equivalents		6,181,506	8,305,217
Cash and cash equivalents at beginning of the period		77,434,683	66,382,119
Cash and cash equivalents at end of the period	12	83,616,189	74,687,336

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



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Director

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED MARCH 31, 2021 (UNAUDITED)

	Accumulated Fund Rupees
Balance as at June 30, 2020	105,606,404
Total Comprehensive Income for the half year ended December 31, 2020	7,532,223
Surplus for the quarter ended March 31, 2021	8,475,485
Balance at March 31, 2021	<u>121,614,112</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

**[A COMPANY SET UP UNDER SECTION 42 OF THE REPEALED COMPANIES ORDINANCE, 1984
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR NINE MONTHS ENDED MARCH 31, 2021 (UNAUDITED)**

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 96 (June 30, 2020: 94) Corporate, 35 (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 Securities and Exchange Commission of Pakistan (SECP) through various circulars has directed all companies set up in pursuance of section 42 and have completed five years' time from issuance of their license to apply for renewal of license. The license of the Institute has been renewed upto January 26, 2021.

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

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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.
- Accounting Standard for Not for Profit Organisations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the institute's annual financial statements for the year ended June 30, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Institute's annual financial statements for the year ended 30 June 2020 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 4.

4. NEW STANDARDS, AMMENDMENTS AND IMPROVEMENTS OF IFRSs

The Institute has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Standard or amendment:

IFRS 16 – Leases

IFRS 9 – Prepayment features with negative compensation (Amendments)

IAS 19 – Plan amendment, curtailment or settlement (Amendments)

IAS 28 – Long term interests in associates and joint ventures (Amendments)

IFRIC 23 – Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 Business combinations – Previously held interests in a joint operation

IFRS 11 Joint arrangements – Previously held interests in a joint operation

IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Institute's condensed interim financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

IFRS 16 - Leases

During the current year, the Institute has adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a

Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Institute has lease contracts for its head office in The Forum, Karachi. Before the adoption of IFRS 16, the Institute classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in income and expenditure statement. Any prepaid rent was recognised under short term advances and prepayments.

After the adoption of IFRS-16, the Institute has accounted for the lease contract of its head office as per the requirements of the new standard for lessee and recognized a right-of-use asset against a lease liability. Any advance receipts are net off against the right-of-use asset as disclosed in table below.

As permitted by the transitional provisions of IFRS 16, the Institute elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

4.1 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.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Institute's annual financial statements for the year ended June 30, 2020, except for those disclosed in note 4 to these condensed interim financial statements.

6. FINANCIAL ASSETS AT AMORTISED COST - LONG TERM	Note	(Unaudited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
3 years - Pakistan Investment Bonds	6.1	<u>43,844,783</u>	<u>14,581,240</u>
6.1		These carry profit yield @ 7.00% - 9.00% per annum (June 30, 2020: 7.25% - 9.00% per annum) payable at six month interval and are carried at amortised cost maturing on September 19, 2022, August 20, 2023 & June 19, 2023.	
7. RECEIVABLE FROM MEMBERS -	Note	(Unaudited) March 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
Annual subscription		3,333,000	652,500
Directors Training Program		819,000	819,000
Fee from specialised workshops / others		<u>869,145</u>	<u>1,162,595</u>
		5,021,145	2,634,095
Less: Expected credit loss		<u>(1,513,500)</u>	<u>(626,750)</u>
		(1,513,500)	(626,750)
		<u>3,507,645</u>	<u>2,007,345</u>
8. FINANCIAL ASSETS AT AMORTISED COST - SHORT TERM			

Pakistan Investment Bonds	8.1	8,173,986	-
Market treasury bills	8.2	69,110,401	66,735,057
		<u>77,284,387</u>	<u>66,735,057</u>

- 8.1 These carry profit yield @ 7.25% per annum (June 30, 2020: 7.25% per annum) payable at six month interval and are carried at amortised cost maturing on July 12, 2021.
- 8.2 These carry interest rate of 7.31% - 7.67% (June 30, 2020: 8.09% - 13.02%) per annum. These securities have an aggregate face value of Rs.71 million (June 30, 2020: Rs.70 million).

9. TAX REFUNDS DUE FROM GOVERNMENT

This represents income tax refundable from income tax authorities on account of withholding tax deducted from payments made to the Institute. The institute is currently in the process of recovering the said balance from the authorities.

	(Unaudited)	
	March 31, 2021 Rupees	March 31, 2020 Rupees
10. REVENUE		
Entrance fee from members	2,000,000	400,000
Annual subscription and application fee	12,560,000	6,617,496
Fee from Directors Training Program	28,965,750	21,607,832
Fee from specialized workshops	4,559,616	7,016,097
Advisory services board evaluation	6,428,701	2,977,480
Conference fee	-	1,716,630
Sale of publications	25,000	239,000
Gain on disposal of operating fixed assets	424,116	
	<u>54,963,183</u>	<u>40,574,535</u>

	(Unaudited)	
	March 31, 2021 Rupees	March 31, 2020 Rupees
11. OTHER EXPENDITURE		
Marketing and advertisement	215,966	104,000
Publication expenses	279,250	444,155
Hotel Stay and Event cost	-	1,106,225
Loss on disposal of operating fixed assets	-	26,539
Others	531,501	1,193,872
	<u>1,026,717</u>	<u>2,874,791</u>

	Rupees	Rupees
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,331,802	18,613,208
Short-term investments	77,284,387	56,074,128

83,616,18974,687,336**13. GENERAL**

- 13.1 Figures in this condensed interim financial information have been rounded off to the nearest Rupee, unless otherwise stated.
- 13.2 Comparative figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Institute in their meeting held on MAY 1, 2021.

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