

May 2, 2019

All Members,

Attached please find the Institute's Condensed Interim Financial Statements for the nine months ended March 31, 2019.

Kind regards,

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Chief Financial Officer

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Chief Executive Officer

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Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

(A company set up under section 42 of the companies ordinance, 1984)

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2019

		(Unaudited) March 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
	Note		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		2,448,845	2,630,572
Financial assets at amortised cost	4	-	9,232,085
Long-term security deposits		1,540,470	1,540,470
		<u>3,989,315</u>	<u>13,403,127</u>
CURRENT ASSETS			
Receivable from members	5	1,043,000	1,967,875
Short-term prepayments and advances		1,268,800	1,294,497
Financial assets at amortised cost	6	24,871,171	45,860,521
Other receivables		4,641,860	621,344
Tax refunds due from the Government	7	10,959,582	10,549,232
Cash and bank balances		54,641,889	2,650,771
		<u>97,426,302</u>	<u>62,944,240</u>
TOTAL ASSETS		<u>101,415,617</u>	<u>76,347,367</u>
FUND BALANCE AND LIABILITIES			
FUND BALANCE			
Accumulated fund		88,852,701	67,234,785
CURRENT LIABILITIES			
Fees in Advance		10,634,248	5,979,678
Accrued expenses		1,163,882	2,511,994
Other payables		764,786	620,910
		<u>12,562,916</u>	<u>9,112,582</u>
TOTAL FUND BALANCE AND LIABILITIES		<u>101,415,617</u>	<u>76,347,367</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

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CONDENSED INTERIM INCOME AND EXPENDITURE ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)

	Note	March 31, 2019 Rupees	March 31, 2018 Rupees
INCOME			
Revenue from services	8	60,840,585	44,571,060
EXPENDITURE			
Salaries, allowances and benefits	9	20,804,462	19,942,004
Professional service fee		9,625,768	6,933,944
Rent		5,591,907	5,567,404
Depreciation		430,248	446,215
Travelling and conveyance		1,077,199	441,519
Utilities		619,873	540,289
Printing and stationary		782,681	632,322
Insurance		149,416	144,931
Repair and maintenance		765,705	607,133
Other expenditure	10	3,942,844	2,254,516
Provision for doubtful debts		196,215	-
		43,986,318	37,510,277
Operating (deficit) / surplus		16,854,267	7,060,783
Return on bank balances and investments		4,763,649	2,847,771
Gain on Disposal			
(Deficit) / Surplus For the Period		21,617,916	9,908,554
Other Comprehensive income		-	-
Total Comprehensive income/ (Deficit)		21,617,916	9,908,554

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

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CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)

	March 31, 2019 Rupees	March 31, 2018 Rupees
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the Period	21,617,916	9,908,554
Adjustment for:		
Return on bank balances and investments	(4,763,649)	(2,847,771)
Depreciation	430,248	446,215
Provision for doubtful debts	196,215	-
Surplus before working capital changes	17,480,730	7,506,998
(Increase) / decrease in current assets		
Receivable from members	873,000	(1,004,500)
Short-term prepayments and advances	25,697	109,987
Other receivables	(4,164,856)	(234,200)
	(3,266,159)	(1,128,713)
Increase / (decrease) in current liabilities		
Accrued expenses	(1,348,112)	(935,456)
Other payable	143,876	(222,623)
Fees in advance	4,654,570	1,044,665
	3,450,334	(113,414)
	17,664,905	6,264,871
Withholding tax paid	(410,350)	(2,483,360)
Net cash generated from operating activities	17,254,555	3,781,511
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments	(248,521)	(303,500)
Proceeds from maturity of PIBs	-	8,786,518
Return on bank balances and investments received	5,038,718	3,571,675
Net cash used in investing activities	4,790,197	12,054,693
Net increase / (decrease) in cash and cash equivalents	22,044,752	15,836,204
Cash and cash equivalents at beginning of the Period	48,511,292	33,230,941
Cash and cash equivalents at the end of the Period	70,556,044	49,067,145

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Chief Financial Officer



Chief Executive Officer



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)**

	Accumulated Fund Rupees
Balance as at June 30, 2018	67,234,785
Total comprehensive income for the half year ended December 31, 2018	14,761,731
Surplus for the quarter ended March 31, 2019	6,856,185
Balance at March 31, 2019	<u>88,852,701</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



Chief Financial Officer



Chief Executive Officer



Director

PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE

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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 (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 1, 2004 under section 42 of the Companies Ordinance, 1984. Its members include 85 (2017: 88) Corporate, 19 (2017: 17) individual and the following founding members:

- The Securities and Exchange Commission of Pakistan
- The State Bank of Pakistan
- 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
- Investment Banks 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 Securities and Exchange Commission of Pakistan (SECP) through various circulars has directed all companies set up in pursuance of section 42 and who have completed five years' time from issuance of their license to apply for renewal of license. The license of the Institute has been renewed up to 26 January 2021.

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

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Ordinance and the requirements of and directives issued under that Ordinance. However, the requirements of and the directives issued under that Ordinance have been followed where those requirements are not consistent with the requirements of the IFRSs as notified under the Ordinance.

- 2.2 The disclosure made in this condensed financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosure required in a full set of financial statements and should be read in conjunction with the annual financial statements of the Institute for the year ended June 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed financial statements are the same as those applied in the preparation of the preceding annual audited financial statements of the Institute for the year ended June 30, 2018.

4. FINANCIAL ASSETS AT AMORTISED COST

5 years - Pakistan Investment Bonds - note 4.1

Less: Investments having a maturity of less than one year:

5 years - Pakistan Investment Bonds

Mar 31, 2019 Rupees	June 30, 2018 Rupees
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8,957,016	9,232,085
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(8,957,016)	
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9,232,085	
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- 4.1 These carry coupon rate of 11.50% (June 30, 2018: 11.50% per annum) payable at six month interval and are carried at amortised cost maturing on July 17, 2019. These securities have an aggregate face value of Rs.9.1 million (June 30, 2018: Rs.9.1 million).

(Unaudited) Mar 31, 2019 Rupees	(Audited) June 30, 2018 Rupees
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5. RECEIVABLE FROM MEMBERS

Considered good

Annual subscription

Directors Training Program

Others

-	
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873,000	
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170,000	
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1,043,000	
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-	
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1,816,000	
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141,875	
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1,957,875	
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Considered doubtful

Annual subscription

Others

Less: Provision for doubtful debts

200,000	
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51,875	
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(251,875)	
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-	
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1,043,000	
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210,000	
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-	
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(200,000)	
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10,000	
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1,967,875	
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(Unaudited) Mar 31, 2019 Rupees
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(Audited) June 30, 2018 Rupees

6. FINANCIAL ASSETS AT AMORTISED COST

5 years - Pakistan Investment Bonds - note 4.1

8,957,016	
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Market treasury bills - note 6.1

15,914,155	
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24,871,171	
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45,860,521	
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45,860,521	
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- 6.1 These carry interest rate of 10.43% - 10.55% (June 30, 2018: 6.24%) per annum and have maturity upto 3 months. These securities have an aggregate face value of Rs. 16.15 million (June 30, 2018: Rs. 46 million).

7. 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.

	Mar 31, 2019 Rupees	Mar 31, 2018 Rupees
8. REVENUE		
Entrance fee from members	455,000	1,405,000
Annual subscription and application fee	6,430,750	7,771,500
Fee from Directors Training Program	40,578,500	24,076,300
Fee from specialised workshops	3,342,000	7,788,650
Advisory services board evaluation	2,628,235	3,480,610
Registration fee for enrollment in databank of independent directors	7,391,250	-
Sales of Publications	14,850	12,000
Other Income	-	37,000
	<u>60,840,585</u>	<u>44,571,060</u>

9. SALARIES, ALLOWANCES AND BENEFITS

Salaries, allowances and benefits include Chief Executive's remuneration amounting to Rs.10,379,520 (March 31, 2018 Rs.9,316,595).

	Mar 31, 2019 Rupees	Mar 31, 2018 Rupees
10. OTHER EXPENDITURE		
Marketing and advertisement	334,936	107,219
Publication expenses	283,040	219,825
Resource development	25,000	7,100
Bank charges	25,904	15,542
Boarding and lodging	1,761,919	944,984
Others	1,512,045	959,846
	<u>3,942,844</u>	<u>2,254,516</u>

11. CASH AND CASH EQUIVALENTS

In hand	29,625	29,625
with banks on:		
- savings account	54,612,264	1,238,949
Short term investment in treasury bills	15,914,155	47,798,571
	<u>70,556,044</u>	<u>49,067,145</u>

12. GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed financial statements were authorised for issue by the Board of Directors of the Institute in their meeting held on April 30, 2019.



Chief Financial Officer



Chief Executive Officer



Director

Directors Report to the members of Pakistan Institute of Corporate Governance (PICG) for the nine months ended March 30, 2019.

The Board of Directors of PICG is pleased to issue its report on the affairs of the Institute for the nine months ended March 30, 2019.

Operations

During the nine months ended March 2019, the Institute conducted 18 Corporate Governance Leadership Skills (CGLS) programs, compared to 14 in the same period last year. The programs were conducted in Karachi, Lahore and Islamabad. Participation level in the programs was better than the same period last year and PICG was able to retain its leadership position in the market due to the outstanding profile of its faculty, all of whom have extensive board experience. The above number also include five in company programs. The strategy of conducting more in company programs is working very well as reflected in the nine months results.

The Institute also conducted six Directors Orientation workshops compared to three in the corresponding period last year, along with twenty one Board Evaluations compared to fifteen in the corresponding period last year. This year evaluations included not only the Board as a whole but also individual directors along with Board's Committees. These evaluations are extremely important for Boards to identify areas of weakness and strength and will surely lead to considerable improvement in Board's performance resulting in improved governance.

Membership

PICG encourages corporate bodies and individuals to become its members and so participate in the improvement of governance environment. During the nine months to March 2019, five companies & two individuals were inducted as members of the Institute.

Databank

Registration in databank is growing and currently over one thousand individuals have uploaded their particulars in the databank and over 140 Companies have applied for subscription.

CSR

The Institute continued to give substantial discount to directors of not-for-profit organizations and during the nine months two directors from Citizen Foundation, two from Teach for Pakistan (a charity devoted to recruiting and training young top graduates to teach in low income school that lack quality teachers) and one from Child Life (providing health care facilities to under privileged children) attended the Institute's directors training program.

Report by World Bank on observance of Standards and Codes (ROSC)

World Bank has just issued its report on ROSC, which highlights the improvement made in the corporate governance framework in the country. The report mentions that according to the World Bank methodology used to assess compliance with 72 OECD principles, 20 have been fully implemented and 16 principles have partially been implemented. This compares favorably with the last World bank's assessment when out of the then 32 applicable principles, only 4 had been fully implemented.

The report also states that key institutions have grown in sophistication and maturity. It also mentions that Pakistan Institute of Corporate Governance is playing a leading role in building awareness of the need for improved Corporate Governance. This assessment is an acknowledgement of the contribution made by your Institute in improving governance across the corporate world.

Finance

During the nine months the Institute generated a surplus of Rs.21.6m compared to a surplus of Rs.9.9m in the corresponding period last year. The Board would like to thank the members, and regulators for their support and cooperation.

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Chairman

April 30, 2019

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President & CEO